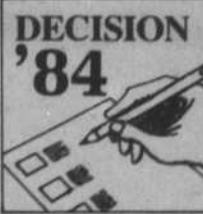


Measure 2: property tax limit

By Stasia Scarborough



Of the Emerald
This is the first of a six-part series examining statewide measures that will appear on the Nov. 6 ballot.

Amid the threats and promises surrounding Ballot Measure 2, one thing is certain: If Oregonians approve the proposed property tax limitation measure, the current means of taxing and allocating revenues in the state will change radically.

Supporters of the measure say it will give citizens more control over government spending and taxation by constitutionally limiting the amount local governments can tax.

But to do that, the measure has to deal with the morass of complicated tax laws and tax districts.

In a state that relies heavily on property tax revenues — Oregon has the 10th highest property tax rate in the nation — the measure does decrease predicted property tax revenues. The State Legislative Revenue Office issued a report in August that predicted a \$1.3 billion reduction in the amount of revenues collected for the 1985-87 biennium, if the measure passes.

That report also predicted an almost \$9.5 million loss of revenue for the city of Eugene and a \$20.7 million loss for the Eugene 4-J School District for the 1984-85 tax year.

The revenue office, the Legislature's staff of economists, issued its report to local governments in an effort to help them wade through the conflicting predictions of the impact of the measure.

Since the measure addresses the limitation of property taxes only — at 34 percent, the major source of funding for local governments — the measure will affect them the most. No property taxes are used to fund state government or state-run institutions, such as the University.

Opponents of the measure claim that state higher education will have to compete with local governments seeking relief from the state's general fund, but the state will not increase its funding of local governments to match revenues lost because of the property tax limitation, the revenue office report says. Currently, local districts receive approximately 27 percent of their operating budget from the general fund.

Even though Measure 2 does not directly affect tax revenues at the state level, should the measure pass, it will add money to the state's general fund. Because they will be paying a lower rate of property tax, taxpayers will have more money subject to state and federal taxes. The revenue office estimates Oregon will gain \$40 million in income tax revenues, the federal government an additional \$219 million.

Some aspects of the measure are straightforward. The measure calls for a 1.5 percent tax limitation on assessed property value. That means homeowners can be charged only \$15 for every \$1000 of their home's assessed value.

The measure stipulates that the assessed

value can be increased no more than 2 percent annually, or the home can be taxed at the 1983-84 assessed value, whichever is higher.

But the report points out that "the real world (is a) maze of overlapping taxing districts." While a single change in tax rules might appear simple at first, the effects of that change become very complex.

Few people live in a single tax district, but often in two or three — including a county, school, city, and/or fire district taxing area. Each of these governments can tax, but under Measure 2, the total tax of any property owner cannot exceed the 1.5 percent limit.

If the combined value of the tax rates is above the 1.5 percent limit, Measure 2 says the local districts must somehow lower their rates to meet that limit.

The problem is how.

According to the 600-plus page report on the potential impact of the measure prepared by the attorney general's office, the measure does not stipulate how lawmakers should realign the tax rates. Options range from a proportional decrease in each district's tax rate to the elimination of some district's power to tax.

According to Oregon law, the tax rate for each government must be the same for all its ratepayers. Even if only a few of the residents of a district are above the limit, the tax rate for the entire district must be adjusted.

According to the attorney general's report, the final decision on the plan to reduce the tax rates will be left to the Legislature.

The Legislature will also be required to devise a means of dividing the tax revenues among approximately 3,000 different taxing districts. Currently, when homeowners pay their property tax, the money does not go directly to the local taxing district but to the state, which then allocates the money to the local district according to the amount of money levied.

Measure 2 retains that system for the first year after the measure's approval. After that, the Legislature must allocate the money, the attorney general's report says.

Also, twice a year, districts may ask voters to override the 1.5 percent limitation and vote for any level of taxation they want. But the rules of such an override require a majority of registered voters approve the request.

Rick Bornemann, a spokesperson for the Oregon Taxpayers Union, says the requirement ensures that a majority of citizens are involved in any changes in tax laws or rates.

Those opposed to the measure claim that the override provision is a near-impossible obstacle for local governments. It gives voter power to those who don't participate in an election, because those who stay home are in essence voting no, according to the Oregon Commission, one of the largest groups opposing the measure.

Local opponents, including Tom Doig of the Eugene Education Association, agree. Doig says that undervoting, when voters skip certain issues on the ballot, is also been a problem with voter turnout.

nounce her appearance.

Between 5,000 and 10,000 people are expected to attend Ferraro's presentation, members of the Mondale-Ferraro campaign say. Included in the crowd will be members of both local and national media, who have been following the candidates since their nomination at the Democratic convention in mid-July.

Democratic presidential candidate Walter Mondale is scheduled to appear in Portland

Monday morning between 8:30 a.m. and 9:00 a.m. at the Portland State University gym. His speech will be open to the general public, although space will be limited. Mondale will leave immediately following the speech to Seattle.

Persons attending the Ferraro rally today are warned to refrain from any suspicious behavior, such as "assassin" games. Secret Service officials say that any unusual activity will be "seriously" dealt with.

Thousands expected for Ferraro visit

Geraldine Ferraro, the Democratic candidate for vice president, will speak on campus today as planned on the EMU's east lawn. A rally begins at noon and Ferraro's speech will follow at 12:20 p.m. If it rains the event will be moved into the EMU Ballroom.

Ferraro is stopping in Eugene on a trip north from Medford to Portland. University students have been working throughout the week making posters and calling local residents to an-

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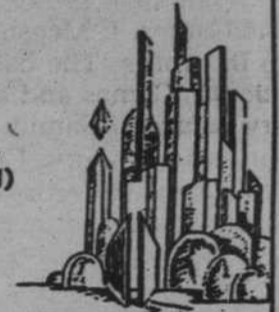
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