

# 1 1/2% Measure Analysis Shows Possible Effects

(Editor's Note: Ron Daniels, Morrow county school superintendent, has analyzed the 1 1/2% property tax limitation constitutional amendment, which will be on the November 5 election ballot. The Gazette-Times is publishing substantial portions of his analysis in order to help inform voters. The first part follows with other segments to come in the next two weeks.)

## PROPOSED CONSTITUTIONAL AMENDMENT

Note: The light face text is the proposal as it will appear on the ballot. Intervening comments by Daniels are in bold type.

For an Act to amend the Constitution of the State of Oregon by repealing the entire text of Section 11 of Article XI thereof relating to the six percent limitation of the ad valorem tax on property and substituting therefor provisions for limiting the ad valorem tax on both real property and personal property to one and one-half percent of the market value thereof and providing for the implementation thereof.

(Comment: The amendment as proposed eliminates all present tax bases and the 6% increase permitted without a vote of the people. The 6% limitation was created by initiative petition in 1916, but the large tax increases have not been a result of the 6% increase, but rather by voter approval outside the 6% limitation. The 1 1/2% limitation doesn't change the

right to vote outside the limitation, but it does make it much more difficult.

BE IT ENACTED by the people of the State of Oregon:

That the entire text of Section 11 of Article XI of the Constitution of the State of Oregon be, and hereby is, repealed and the following new matter substituted therefor:

### Section 11. TAX LIMITATION. (6% repealed)

(1) The total amount of taxes which may be levied against any real or personal property in any year shall be limited to one and one-half percent of the true cash value of such property.

(Comment: This section simply limits the property tax levy to 1 1/2% of true cash value. This is \$15 per \$1,000 of True Cash Value. This figure represents the amount to be levied for all taxing agencies. Taxes could automatically increase as the TCV of a district increased. Some code areas not now levying 1 1/2% could increase without a vote.)

(2) The limitation provided in subsection (1) of this section shall not apply to that portion of any tax levied which is for the payment of bonded indebtedness or the interest thereon, if the indebtedness existed prior to November 5, 1968.

(Comment: This section excludes all bonded indebtedness existing prior to November 5, 1968, from the 1 1/2% limitation. This means that the Morrow county school district can levy the .65 per \$1,000 True Cash Value for our R-1 Bonds and interest in excess of the 1 1/2% limitation. It appears that user charges and special assessments can be included on the statements, and I am sure that there will be an increase in this type charge—irrigation, front footage basis on sewers, streets and other improvements.)

(3) The limitation provided in subsection (1) of this section shall not apply to any tax levy when submitted by a taxing unit to the voters therein on the first Tuesday after the

first Monday in November of any year and approved by a majority of the voters voting thereon which majority must also be not less than 20% of the registered voters entitled to vote thereon at said election.

(Comments: Permits tax levies in excess of 1 1/2% of true cash value if two conditions are met: 1. The election must be held on the first Tuesday after the first Monday in November. The date is set to coincide with the general election in even numbered years. This section is very restrictive in that it permits only one election each year. The time of the election is also very poor in that budgets must be prepared before realistic budget figures are available, or they force the taxing agency to operate for four months in the dark waiting for voter approval or rejection. Another interesting feature is that it will not permit a vote outside the 1 1/2% limitation until November, 1969, which means that all taxing agencies would be forced to live within the limitation for the 1969-70 budget.)

The Attorney General's office has been asked for an opinion on whether or not it would be legal to vote this November on funds for the 1969-70 budget. The 10 people in the Attorney General's office are split down the middle on this question, and it appears obvious that no decision will be made in time to vote this year. The reason seems to be a question of whether it is legal to vote on a measure that would not be effective until 30 days following the vote if it were passed. Reynolds School District has decided to vote and test the legality of the election at a later date.

The second conflict that must be met is that the vote to exceed the 1 1/2% limitation must receive a majority approval by 20% of the registered voters. In Morrow county that would require a yes vote of 432 in order for the election to be valid. Only three times in 10 years have we received this number of yes votes on our first school elections. This may be very difficult to achieve in odd numbered years (when there is no gen-

eral election and the taxing agency's vote would be the only issue on the ballot). Voters staying home automatically be "no" votes.

(4) The Legislative Assembly may enact legislation to carry out the provisions of subsection (1) and (2).

(Comment: This section grants to the legislature authority to implement the provisions of the first two sections. It must decide which method to use in the collection of the funds and a formula for the distribution to the several affected taxing units in each county.)

The above concludes entire text of the proposal, and the following is more analysis by Daniels:

### SUGGESTED METHODS FOR COLLECTION AND DISTRIBUTION OF THE 1 1/2% PROPERTY TAX FUNDS AND THE TAX LOSS IN THE VARIOUS TAXING AGENCIES:

1. Loss of revenue to taxing agencies across the state would be somewhere between \$100 million to \$150 million, depending on the method selected for reducing levies within the 1 1/2% limitation. According to Jay Gould of the State Tax Commission, no equitable way has been found to collect and distribute the funds in three years of study.

2. Tax loss to Morrow County School District, Morrow County and the cities in Morrow County: The amount of the tax dollar that would be lost to the various county taxing agencies is impossible to determine as the dollar loss would vary according to the method of collection and distribution selected by the State Legislature.

Following is a summary of some of the methods that have been suggested and the resulting loss to this county under each method:

A. Proportional tax reduction method.

This system would mean that many areas of the State would not pay the full 1 1/2% as the law requires that a taxing agency levy equal taxes in all tax code areas. (Section 32 of Article I of the Oregon Constitution.) This could result in many rural areas not paying the full 1 1/2%. This would result in an additional loss of available revenue and for that reason it is not likely to be selected as the formula for distribution.

B. State Tax Commission established formula of fixed rates for the various taxing agencies.

This system would permit the State Tax Commission to establish a fixed rate for each taxing agency to collect. The latest formula suggested by the State Tax Commission provides for \$9.50 to schools, 50c to Community Colleges, \$3.00 to cities, and \$2.00 to counties. (Here again rural areas could levy to replace the \$3 to cities). While this type formula seems to be favored by the State Tax Commission there are still some unanswered questions in this area. First, no provision is made to provide funds for Port Commissions, Cemetery Districts, Park Districts, and other special taxing agencies. Second, it has not been determined whether the funds would be collected locally or whether the State would levy the 1 1/2% property tax and then redistribute the funds to the local taxing agency under a special formula. If this method is selected, it would mean that areas with a high true cash value per capita would pay in more than they would receive in return. The State could legally levy a state property tax but it would require repealing legislation passed by the 1969 legislature. At the present time the State can levy a property tax for bonded indebtedness only.

## Heppler Bank Staff Clerks Livestock Sale at Exposition

Staff of the Heppler Branch, First National Bank, which does such an efficient job of clerking the livestock sale at the Morrow county fair each year, graduated to the "big league" this year.

The crew was called up to clerk the Blue Ribbon Livestock sale at the Pacific International Livestock Exposition on Tuesday, October 8. They found it an enjoyable experience even though they put in a long and busy day that didn't end until 3:30 a.m. Wednesday.

Those from the branch who staffed the crew were Manager John Venard and Mrs. Venard, Mrs. Dean Gilman and Marshall Cornett. Several others at the Exposition assisted them.

The \$60,000 sale started at 7:30 in the evening, but the crew started at 2 p.m. to prepare for it. Five hundred head of livestock were sold, and the grand champion steer, from the Double T Hereford Ranch at Connell, Wash., brought \$275 per lb., a total of \$2777. Two lambs sold for approximately \$6 per lb., one bringing \$500 and the other \$600.

## HOSPITAL NEWS

Patients admitted to Pioneer Memorial hospital during the past week, and are still receiving medical care, include the following: Richard Peterson, Ione; Rufus Piper, Heppler; James Roland, Spray; Hattie Carpenter, Heppler; O. L. Adams, Kinzua, and Lewis Cason, Heppler.

Those dismissed, after receiving medical care, were the following: Thomas Griffith, Heppler, and Gregory Sweek, Heppler.

## Time Change Oct. 27

No, it isn't time to change that clock back an hour yet, but it soon will be. Oregon goes off daylight time on Sunday, October 27. The last Sunday in October is fixed by state statute as the time for the change. Clocks and watches will be set back one hour, bringing daylight earlier in the morning but hastening the coming of darkness each afternoon.

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(Pd. adv. by John F. Mollahan, Heppler, Oregon 97836)

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