The League of Women Voters of Oregon is a 97-year-old grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

March 21, 2017

To: Senate Committee on Finance and Revenue
Chair, Senator Mark Hass

Re: SB 118 Excludes taxes imposed by school districts from certain property tax exemption programs requiring adoption by local governments - Support

The LWV believes a stable state system for financing public schools is crucial for long range planning.

Under Oregon’s school funding formula, a local decision in one community impacts K-12 funding throughout the state. When one local community chooses to abate school taxes, the state’s General Fund, by current law, must make up the difference, since each similar student gets the same amount spent on their education across the state.

The League has reviewed other testimony on this bill, and agrees with the Tax Fairness Oregon’s amplified example: if $10,000/student annually was the targeted School Funding figure and the local tax base provided $3,000/student annually, the state must provide $7,000/student annually. Yet, in another community where a local tax abatement has been given, local taxes may provide only $1,000/student, so the state General Fund must provide $9,000 per student per year in that school district.

Given the catastrophic results of Measure 5 and 50, the state has become the primary funder of Education, providing nearly 70% of K-12 funding—taking more than 51% of the General Fund and Lottery Fund budget in the 2015-17 LAB. When enterprise zones were first created, local communities funded about 2/3 of their school systems and the state 1/3. LWVOR believes it is time to remove the ability to abate K-12 dollars from local jurisdictions.

We acknowledge the testimony of the Association of Oregon Counties that this would add another layer of complexity to an already exceedingly complex system for county assessors. Yet, in answer to AOC, “The bigger question is why school districts should be able to opt out of statewide legislative policy decisions, even those that are authorized by local adoption…” LWVOR would contend that the state LAB should not have to subsidize those communities who offer tax abatements for their school districts by shorting funding for those areas that do not. Supporting SB 118 will ultimately strengthen school funding in a fair across-the-state allocation of the State School Fund.

Thank you for the opportunity to discuss this legislation.

Norman Turrill
LWVOR President

Chris Vogel
LWVOR Education Policy Coordinator