

Senate Joint Resolution 3

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Proposes amendment to Oregon Constitution repealing ad valorem property tax assessment provisions created by House Joint Resolution 85 (1997) (Ballot Measure 50 (1997)), requiring ad valorem property taxes to be assessed on real market value of property and directing Legislative Assembly to provide exemption from ad valorem property taxes for owner-occupied principal dwellings and tax lots upon which dwellings are located.

Refers proposed amendment to people for their approval or rejection at next regular general election held throughout this state.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by repealing sections 11 and 11k, Article XI, and by adopting the following new section 11 in lieu thereof, by creating a new section 11m to be added to and made a part of Article XI, and by amending section 11L, Article XI, such sections to read:

SECTION 11. (1)(a) For ad valorem property tax purposes, each unit of property in this state shall be assessed as provided by law at the real market value of the property.

(b) The real market value of property for any property tax year shall be the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion, in an arm's-length transaction occurring as of the assessment date for the property tax year, as established by law.

(c) The Legislative Assembly shall provide by law for adjusting the real market value of property for a current property tax year to reflect a substantial casualty loss of value after the assessment date.

(2)(a) Subject to exemptions, special assessments and all other exceptions provided by law, ad valorem property taxes shall be computed by multiplying the real market value of property, as determined by law, by the permanent limit on the rate of ad valorem property taxes of each local taxing district, as determined under subsection (3) of this section, in which the property is located.

(b) For purposes of paragraph (a) of this subsection, the Legislative Assembly may provide by law for assessing property at the average real market value of the property for a specified number of years. The averaging authorized under this paragraph applies only to property that was in existence for all of the specified number of years.

(3)(a) A local taxing district's permanent limit on the rate of ad valorem property taxes shall be the permanent limit on the rate of ad valorem property taxes imposed by the local taxing district on the effective date of this section.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) A local taxing district that has not previously imposed ad valorem property taxes may
2 submit to the voters of the district a proposed permanent limit on the rate of ad valorem
3 property taxes to be imposed by the district. The question of the proposed permanent limit
4 may be submitted to the voters only on the date of a general election held throughout this
5 state. The proposed permanent limit shall go into effect for the first property tax year that
6 begins after the election on the question of the proposed permanent limit if the proposed
7 permanent limit is approved by a majority of voters voting on the question. The permanent
8 limit approved under this paragraph shall be the district's permanent limit under paragraph
9 (a) of this subsection.

10 (c) If two or more local taxing districts seek to consolidate or merge, the permanent
11 limit on the rate of ad valorem property taxes to be imposed by the consolidated or merged
12 district shall be the permanent limit that would produce the same tax revenue as the local
13 taxing districts would have cumulatively produced in the year of consolidation or merger, if
14 the consolidation or merger had not occurred.

15 (d) If a local taxing district divides, the permanent limit on the rate of ad valorem
16 property taxes to be imposed by each local taxing district after division shall be the same
17 as the undivided local taxing district's permanent limit under paragraph (a) of this sub-
18 section prior to division. The permanent limit determined under this paragraph may not be
19 greater than the permanent limit that would have produced the same amount of ad valorem
20 property tax revenue in the year of division if the division had not occurred.

21 (e) Rates of ad valorem property taxes established under this subsection may be carried
22 to a number of decimal places and rounded, as provided by law.

23 (4)(a)(A) A local taxing district other than a school district may impose a local option ad
24 valorem property tax levy that exceeds the limitations imposed under this section by sub-
25 mitting the question of the proposed local option levy to the voters of the district and ob-
26 taining the approval of a majority of the voters voting on the question. The question of the
27 proposed local option levy may be submitted to the voters only on the date of a primary or
28 general election held throughout this state.

29 (B) The Legislative Assembly may enact laws permitting a school district to impose a
30 local option ad valorem property tax levy as otherwise provided under this subsection.

31 (b) A local option levy imposed pursuant to legislation enacted under this subsection may
32 be imposed for no more than five years, except that a local option levy for a capital project
33 may be imposed for no more than the lesser of the expected useful life of the capital project
34 or 10 years.

35 (5)(a) Ad valorem property taxes imposed pursuant to this section, other than taxes de-
36 scribed in subsection (6) of this section, are subject to the limitations described in section
37 11b of this Article.

38 (b) The limits on property taxes by category, \$5 (for public school system purposes) and
39 \$10 (for other government purposes) per \$1,000 of real market value, described in subsection
40 (1) of section 11b of this Article shall be determined on the basis of property taxes imposed
41 in each geographic area taxed by the same local taxing districts.

42 (c) If property taxes exceed the categorical limits:

43 (A) Any local option levies imposed pursuant to subsection (4) of this section shall be
44 proportionally reduced by those local taxing districts imposing local option ad valorem prop-
45 erty taxes within the respective category; and

1 (B) If the limits are exceeded after all local option ad valorem property taxes are elimi-
2 nated, all other ad valorem property taxes shall be proportionally reduced by those taxing
3 districts imposing other ad valorem property taxes within the respective category, until the
4 limits are no longer exceeded.

5 (d) The percentages used to make the proportional reductions under paragraph (c) of this
6 subsection shall be calculated separately for each category.

7 (6) Property taxes imposed to pay bonded indebtedness are not subject to the categorical
8 limits under subsection (5) of this section or section 11b of this Article. Such bonded
9 indebtedness consists of:

10 (a) Bonded indebtedness authorized by a provision of this Constitution;

11 (b) Bonded indebtedness issued on or before November 6, 1990;

12 (c) Bonded indebtedness:

13 (A) Incurred for capital construction or capital improvements; and

14 (B)(i) If issued after November 6, 1990, and approved prior to December 5, 1996, the is-
15 suance of which has been approved by a majority of voters voting on the question; or

16 (ii) If approved by voters after December 5, 1996, the issuance of which has been approved
17 by a majority of voters voting on the question in an election that is in compliance with the
18 voter participation requirements of applicable law; and

19 (d) Bonded indebtedness issued to refund bonded indebtedness described in this sub-
20 section.

21 (7)(a) An urban renewal agency, area, plan or project is not a local taxing district.

22 (b) If ad valorem property taxes are divided as provided in section 1c, Article IX of this
23 Constitution, in order to fund a redevelopment or urban renewal project, the ad valorem
24 property taxes levied against the increase shall be used exclusively to pay any indebtedness
25 incurred for the redevelopment or urban renewal project.

26 (8)(a) The Legislative Assembly shall provide by law for an exemption from ad valorem
27 property taxes imposed on a homestead pursuant to this section. The Legislative Assembly
28 shall provide by law a method for determining and granting the exemption.

29 (b) As used in this subsection, "homestead" means the owner-occupied principal dwelling,
30 either real or personal property, owned by the taxpayer and the tax lot upon which the
31 dwelling is located. If the dwelling is located in a multiunit building, the homestead is the
32 portion of the building actually used as the principal dwelling and the homestead's percent-
33 age of the value of the building's common elements and the tax lot upon which the building
34 is situated. The percentage is the value of the dwelling unit that is the homestead compared
35 to the total value of the multiunit building exclusive of any common elements.

36 (9) Nothing in this section affects a local taxing district's or urban renewal agency's ob-
37 ligation to pay indebtedness to which subsection (5) of section 11 of this Article (2015 Edition)
38 or subsection (16) of section 11 of this Article (2015 Edition), or any laws enacted pursuant
39 to subsection (5) of section 11 of this Article (2015 Edition) or subsection (16) of section 11
40 of this Article (2015 Edition), as in effect on the day before the effective date of this section,
41 relate. The Legislative Assembly may enact any laws necessary to ensure payment of the
42 indebtedness described in this subsection.

43 (10) Section 32, Article I, and section 1, Article IX of this Constitution, do not apply to
44 this section.

45 (11) If any provision of this section is determined to be unconstitutional or otherwise

1 **invalid, the remaining provisions shall continue in full force and effect.**

2 **SECTION 11m. (1) Legislation implementing the provisions of section 11 of this Article**
3 **is not subject to the emergency declaration prohibition in section 1a, Article IX of this**
4 **Constitution.**

5 **(2) This section is repealed on January 2, 2021.**

6 **Sec. 11L. (1)** The limitations of [*sections 11 and*] **section 11b** of this Article do not apply to
7 bonded indebtedness incurred by local taxing districts if the bonded indebtedness was incurred on
8 or after January 1, 2011, to finance capital costs as defined in subsection (5) of this section.

9 (2) Bonded indebtedness described in subsection (1) of this section includes bonded indebtedness
10 issued to refund bonded indebtedness described in subsection (1) of this section.

11 (3) [*Notwithstanding subsection (1) of this section, subsection (8) of section 11 of this Article, as*
12 *limited by section 11k of this Article, applies to measures*] **Measures** that authorize bonded indebt-
13 edness described in subsection (1) of this section **may be approved only if at least 50 percent of**
14 **registered voters eligible to vote on the measure cast a ballot, unless the election is held in**
15 **May or November of any year.**

16 (4) The weighted average life of bonded indebtedness incurred on or after January 1, 2011, to
17 finance capital costs may not exceed the weighted average life of the capital costs that are financed
18 with that indebtedness.

19 (5)(a) As used in this section, “capital costs” means costs of land and of other assets having a
20 useful life of more than one year, including costs associated with acquisition, construction, im-
21 provement, remodeling, furnishing, equipping, maintenance or repair.

22 (b) “Capital costs” does not include costs of routine maintenance or supplies.

23
24 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**
25 **people for their approval or rejection at the next regular general election held throughout**
26 **this state.**