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Oregon State Ballot Measure 50: Legislative Rewrite of 1996 Ballot Measure 47

City Club of Portland (Portland, Or.)

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Oregon State Ballot Measure 50: Legislative Rewrite of 1996 Ballot Measure 47

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Your Committee Found:

Out of chaos comes confusion. Measure 50 has been referred by the Oregon legislature to voters as a rewrite of Measure 47. The intent of Measure 50 is to rectify unintended consequences of the original measure and clarify its ambiguities so that laws related to Measure 47 can be implemented. By placing Measure 50 on this May's ballot, legislators have resurfaced many of the disagreements about Oregon's tax system that surrounded Measure 47.

Your committee was unanimously opposed to Ballot Measure 47 in 1996. In reviewing the arguments for and against Measure 50, we all agreed that Measure 50 does not change the major provisions that we found objectionable—it is at best a bandage on a bad measure. In the end, however, we found ourselves splitting into two philosophical camps on how best to respond to this rewrite of Measure 47.

The majority of your committee advocates supporting the legislature's attempt to correct the inconsistencies, contradictions, and unintended consequences of Measure 47. They believe it is better to go with the certainties provided in Measure 50 than take the chance that Measure 47 will be thrown out in the courts. The majority recommends a "yes" vote on Measure 50.

The minority of your committee recommends a "no" vote on Measure 50. They do not believe that trying to make a bad law easier to implement is an appropriate response by the legislature to their duties. They believe that, in the end, all or part of Measure 47 will be found unconstitutional and that only then will comprehensive tax reform take place.

The City Club membership will vote on this report on Friday, May 2, 1997. Until the membership vote, the City Club of Portland does not have an official position on this report. The outcome of this vote will be reported in the City Club *Bulletin* dated May 16, 1997.

I. INTRODUCTION

Ballot Measure 50 will appear on the ballot as follows:

Caption: Amends Constitution: Limits Assessed Value of Property For Tax Purposes; Limits Property Tax Rates

Result of a "YES" vote: A "yes" vote adopts amendment limiting property taxes through restrictions on assessed value of property and property tax rates.

Result of a "NO" vote: A "no" vote rejects amendment and retains existing constitutional provisions.

Summary: This measure changes current provisions relating to property taxation. The measure establishes the maximum assessed value of property in this state for the 1997-1998 tax year as 90 percent of the property's real market value in the 1995-1996 tax year and then limits any increase in maximum assessed value for tax years following 1997-1998 to three percent per year. For the 1997-1998 tax year, the measure generally reduces the total of all taxing district levies in the state by 17 percent. This reduction will reflect Measure 47 cuts by basing the cuts on the lesser of the 1995-1996 tax minus 10 percent of the 1994-1995 tax, adjusted for voter-approved levies. For subsequent tax years, the measure permanently fixes the tax rates of each taxing district, based on each district's 1997-1998 levy. The measure permits assessed values to be adjusted for new property or property improvements and certain other events, but limits the amount of the adjustment. The measure permits certain local option taxes, if approved by voters. The measure retains the existing total property tax rate for all property taxes, including local option taxes but excluding taxes for bonds, at \$5 per \$1,000 of value for schools and \$10 per \$1,000 of value for nonschool government. The measure repeals obsolete constitutional provisions.

(The language of the caption, results, and summary was adopted by the Oregon State Senate and the Oregon State House of Representatives as part of House Bill 3511, 69th Oregon Legislative Assembly—1997 Regular Session.)

Ballot Measure 50 is a state constitutional property tax limitation proposal referred to voters by the legislature to clarify aspects of the citizen-initiated Ballot Measure 47, which was approved by a majority of the voters in November 1996. In attempting to write implementation legislation for Ballot Measure 47, the legislature found inconsistent definitions, ambiguities, and conflicting provisions. As a result, the legislature proposed Measure 50 as the way to improve the property tax law and administrative systems affected by Measure 47.

Your committee met over the course of three weeks to study Ballot Measure 50. Committee members included individuals who had served on the original Ballot Measure 47 study committee. This group was screened prior to committee appointment to ensure that no member had taken a public position on the measure or had an economic interest in its outcome. Committee members reviewed relevant articles, reports and other printed materials, and interviewed proponents, opponents, and others interested in the measure.

II. BACKGROUND

This report is intended to serve as follow-up to the City Club's study last fall of Ballot Measure 47, the property tax "cut and cap" measure. The previous report, with its analysis of Measure 47's effects on Oregon's tax system, was published in September of last year. Following review and discussion of the report, the Club adopted a recommendation to vote "no."

A. The Genesis of Measure 50

Measure 47 was approved by a majority of the state's voters at the November 5, 1996 general election. Key features of Measure 47 include:

- A property tax cut that limits 1997-98 taxes to the 1995-96 tax level minus 10 percent or the 1994-95 level, whichever is lower;
- A limitation on an annual property tax increase to no more than 3 percent above the prior year's level, regardless of the assessed value of the property (with exceptions);
- A restriction on replacement of funding for services historically supported by property taxes without a vote by the people on replacement fees or charges;
- A requirement that any new property tax measure must have both a majority and a 50 percent voter turnout at any election other than a general election;
- A limitation on general obligation bonds for specified purposes related to construction, improvements, and public safety.

A joint legislative committee was formed in late November 1996 to frame procedures for implementing Measure 47. According to members of this House-Senate committee, as they pursued analysis of the language of the measure, they found themselves developing an extensive list of questions and concerns about how the legislature could deal with conflicting aspects of the content, intent, and wording of Measure 47.

Following wide-ranging internal discussions and conferences with advisors, the legislative committee decided that the best alternative was to rewrite Ballot Measure 47 in order to clarify it and eliminate some of its contradictions, unintended consequences and implementation

complexities. Committee members also believed that a rewrite submitted to and approved by voters would eliminate some of the court challenges that were surfacing against Measure 47.

Committee deliberations centered on how to rewrite the measure so that it retained the basic features of Measure 47. Committee members were concerned about assuring supporters of Measure 47 that their legislative rewrite was intended to clarify the measure and not to change the basic intent and goals of those who drafted and voted for the bill.

An additional challenge to the joint committee was an effort by some legislators and lobbyists to expand the focus of the rewrite to include a broader revision of the tax code in the Oregon Constitution. The joint committee resisted this pressure in order to retain their focus on clarifying the language and implementation challenges of Measure 47.

When Measure 47 was passed by a majority of the voters in 1996, it became the reality that governing jurisdictions and Oregonians had to face, whether they voted for it or not. The legislature was required to develop legislation to implement the measure. Legislators responded by writing Measure 50, which seeks to clarify, with voter approval, ways to administer provisions of this cut and cap measure. Should Measure 50 fail, Measure 47 does not go away; legislators will have to deal with it as the reality underlying Oregon's tax policies and systems.

B. Content Of Measure 50

The intent of the legislature in drafting Measure 50 was to retain the property tax relief voters indicated they wanted when they approved Measure 47 and to eliminate the administrative difficulties identified in implementing Measure 47.

Like Measure 47, Measure 50 is a very complex bill. Key aspects of Measure 50 include:

- Maintenance as "state policy" of the roll-back of assessed property values to the 1995-96 tax level minus 10 percent. This policy would set in place a maximum assessed value of the property.
- Limitation on future growth of the maximum assessed value of each property and increases in the tax paid on this property to 3 percent per year for tax years following 1997-98.
- Requirement of a 17 percent average statewide cut of 1997-98 property taxes from what would have been collected absent Measure 47. Following this cut, the 1997-98 tax rate of each taxing district becomes the fixed rate for that district.
- Correction of unintended consequences of Measure 47 through provision of exemptions from the 17 percent cut for certain bonds, hospital districts, small cities, specified pension funds, and levies approved in 1996-97 that met Measure 47 voting requirements.

- Requirement that Measure 5's limits continue to apply (\$5 per \$1000 assessed value eligible for school funding; \$10 per \$1000 available for local government spending).
- Continuation of the requirement of a "double majority" (a 50 percent turnout and a "50 percent plus one" approval vote) in elections dealing with certain local tax issues or that these issues be on even-numbered year general election ballot.
- Retention of the clause that prohibits local government replacement of lost property tax revenues with fees or other charges without a vote of the electorate (with some exceptions).
- A requirement that the legislature prioritize public safety and public education when dealing with distribution of cuts and financial decisions related to this measure.
- A requirement that the legislature replace school revenue lost due to limitations of this measure.
- Allowance for voters to exercise a local option and approve new non-school related taxes outside the tax limit (voting requirements and Measure 5's restrictions apply).
- A provision that says the legislature may enact laws permitting local options for school districts.
- A provision that allows for the override of two sections of the Constitution that require uniform taxation, thereby creating the opportunity for local option votes on split-roll property tax proposals.

Additional elements are provided in Measure 50 that deal with rules and restrictions related to a variety of exceptions, including urban renewal districts, capital construction and improvements, and zoning issues. The measure also provides definitions for key terms that were not clear under Measure 47.

C. Financial Impacts

The exact impact of Measure 47 on property tax revenues is uncertain, pending interpretation by courts and the legislature. In addition to uncertainties over whether bonds are included in the tax base, it is unclear which bonds are exempt from Measure 47 limits and which voter-passed levies might be allowed outside Measure 47 limits. Estimates prepared by the Legislative Fiscal Office assume that there will be fewer non-voter approved bond taxes and no voter-passed levies. If these assumptions are wrong, Measure 47 reductions could be smaller (with revenue thus greater).

By contrast, existing law (Measure 47) might reduce property tax revenue by as much as \$458 million in 1997-1998 and \$548 million in 1998-1999. However, the reduction could be as little as \$270 million per year based on a recent Attorney General's opinion. Reductions could be

further affected depending on how the courts and the legislature further interpret Measure 47.

Measure 50 is projected to reduce property tax revenues of local governments by \$361 million in the 1997–1998 fiscal year and \$443 million in the 1998–1999 fiscal year compared to what would have been collected under Measure 5. This projection (done by the Legislative Revenue Office) does not include bonds in the base of its calculations.

Measure 50 is expected to reduce counties' costs of administering the property tax system by \$5.1 million per year after the measure is fully implemented. In addition, this measure could reduce state income tax receipts by as much as \$2.3 million per year, because property owners will be able to deduct the higher property taxes they will pay (meaning higher than under Measure 47) from their state income taxes. The impact of Measure 47 on counties' administrative costs cannot be projected with any degree of accuracy at this time.

Beyond the above, an accurate and detailed comparison of the difference between the financial impacts of Measure 47 and Measure 50 is a difficult and perhaps impossible task at this time. There are 3000 taxing jurisdictions in Oregon and each will have a different answer to calculations based on formulas in both measures. Under both measures, the effects of the cut and cap will vary widely from one jurisdiction to another. Your committee was encouraged by proponents and opponents to avoid citing specific financial benefits and to concentrate our deliberations on the philosophy behind the measure and its non-financial effects, such as its impact on laws, unintended consequences, etc.

D. Previous City Club Positions

The City Club has conducted numerous studies of tax issues in our state. Over the years, the Club has voted not to support changes in the tax system unless a variety of criteria could be met:

- Local control of government services and education that satisfies state basic education requirements is maintained;
- Prospects for statewide economic health are maintained or enhanced;
- The status of lower and/or middle income taxpayers is not worse;
- Local governments can meet demands for new or expanded services;
- The overall tax burden on taxpayers is not increased; and
- Initiated amendments to the Oregon Constitution should not be used to dedicate revenue or to make or repeal appropriations, or to require state expenditures above a limited amount.

The Club also has recently adopted reports on the initiative and referendum and on Oregon's legislative process and structure. These two reports included recommendations that:

- Amendments to the Oregon Constitution should relate only to the structure, organization and powers of government and the rights of the people with respect to their government and should not be used to dedicate revenue or make or repeal appropriations or to require state expenditures above a limited amount;
- Initiated amendments and statutes qualifying for the ballot should first be referred to the Legislative Assembly for deliberative consideration and then submitted to the people.

Some of the criteria for good legislative due process cited in the reports were:

- Citizens have access to and are heard in the development of legislation.
- There has been an informed and deliberative decision-making by lawmakers (or citizens, in the case of ballot measures).
- There is a timely response to the state's issues and problems.
- An effort has been made to balance multiple and sometimes conflicting concerns and interests (urban/rural, short-term/long-term, etc.).

III. ARGUMENTS PRO AND CON

A. Arguments Advanced in Favor of the Measure

- Implements the will of the people by retaining the property tax relief approved by a majority of voters who passed Measure 47 and Measure 5, while improving property tax laws into a more workable and efficient system.
- Retains the roll-back of assessed property values to 1995–1996 values less 10 percent.
- Assures a 17 percent average statewide cut of property taxes for 1997–1998.
- Retains the limitation on future property tax increases to 3 percent per year above a fixed maximum assessed value and converts reduced levies into permanent rate limits for 1998–1999 and beyond (cap).
- Retains Measure 5 rate limits at \$5 per \$1000 of real market value for schools and \$10 per \$1000 for non-schools.
- Keeps the priority on public education and public safety, including the requirement that the state replace school revenue lost due to the 17 percent property tax relief.
- Clarifies definitions, concepts, unclear language and numerous drafting errors found in Measure 47.

- Retains double majority or general election voting requirements to raise fees to make up for property tax cuts or to approve levies beyond the 3 percent limit.
- Corrects unintended consequences of Measure 47 upon hospitals, ports, certain police and fire levies, small cities, and police and firefighter pension funds.
- Confirms the right of local voters to approve limited levies for their communities outside the cap and says the legislature may enact laws to provide the same option for schools.
- Provides an easily understood and administered tax system through a streamlined tax assessment process and fixed property tax rates.
- Minimizes or eliminates the threat of litigation surrounding Measure 47.
- Saves millions of dollars annually by simplifying the property tax code and reducing administrative costs.

B. Arguments Advanced Against the Measure

- Is not just a rewrite of Measure 47 but includes major revisions of the original measure.
- Reflects failure on the part of the legislature to implement the will of the people.
- Does not provide tax reform or address problems in the state's tax system and allows the legislature to abdicate its responsibility to enact comprehensive tax reform.
- Does not channel additional money for education.
- Is an attempt to repair a poorly drafted initiative, when it is not the legislature's business to clean up badly drafted measures and, in fact, resuscitate something that cannot be implemented and may be unconstitutional.
- Does not repeal the double majority provision.
- Changes the state's property tax system from a tax base system to a tax rate system, the significance of which is not fully understood by either the legislature or the public.
- Introduces and limits a "maximum assessed value" on property tax, which may not be the same thing as limiting one's tax bill as specified under Measure 47.
- Decreases tax relief provided by Measure 47.
- Turns the cap into a "sieve" by creating multiple exceptions and exclusions to the original limitations.
- Was written and passed too quickly through the legislature.
- Allows voters to approve limited levies outside the cap.

- Should be defeated and allow court challenges to find that Measure 47 is unconstitutional and to make the legislature face up to a comprehensive reform of the state tax system.

IV. DISCUSSION

In recent years, Oregon's economy has been robust. The population has grown significantly throughout the state, and many new job opportunities have been created. As economic conditions have improved, individual incomes have typically increased, along with the market-driven value of real estate.

With the rise in property values, property taxes have correspondingly increased. This has led to an increasingly frustrated and vocal citizen constituency that has been concerned about the state's continued reliance on property taxes as a chief source of revenue for local governments and special service districts. In 1990, the citizen-initiated Ballot Measure 5 reflected this frustration and was passed by voters. The hope of many Oregonians following passage of Measure 5 was that the legislature would finally take action and begin a comprehensive tax reform process.

In the years following 1990, the state continued to enjoy a period of economic strength, and no noticeable effort was made to bring about comprehensive tax reform. Measure 47 evolved in 1996 as yet another effort to force the legislature to take up the task of tax reform. It called for a cut in property taxes and put a cap on the ability of property taxes to increase. In its passage, Measure 47 reflects, at its core, an expression by voters of continued dissatisfaction with the state's overall tax system.

Your committee outlined several deficiencies with Measure 47 in its October 1996 report. The committee believed that Measure 47:

- Accelerated the loss of local voter control of funding for a wide range of services, in particular public schools;
- Unfairly restricted local taxing districts and the citizens in those districts from raising additional revenues through bond measures;
- Significantly restricted moneys available for social service programs;
- Stifled the democratic process by implementing a new "double majority" voting requirement for tax measures;
- Failed to rectify the imbalance between commercial and residential property tax burdens; and
- Because of imprecise and ambiguous language, created significant uncertainties in regard to implementation while inviting court challenge.

Your committee expressed the unanimous opinion that the State Constitution was an inappropriate forum for tax legislation and

reiterated the City Club's long-standing call for comprehensive tax reform.

The Oregon Legislature has referred Measure 50 to voters as a means to rectify what legislators identified as the most significant deficiencies of Measure 47. Your committee was told that, in undertaking their rewrite of Measure 47, legislators consciously attempted to retain the purpose and intent of the original measure and to keep its key provisions intact. As they undertook efforts to draft Measure 50, they worked closely with the initiator of Measure 47, Bill Sizemore. As examples of their staying true to the task of implementing the will of the people, they cite their inclusion in Measure 50 of a roll-back to 1995-1996 property values, minus 10 percent; an average statewide cut in property taxes of 17 percent; and a cap of 3 percent on annual increases.

By taking this course of action, legislators set up the context for differing views as to whether or not their decision to implement Measure 47 by rewriting it reflects good legislative leadership. Representative Tom Brian, who chaired the joint House-Senate committee that drafted Measure 50, told your committee that it was "not in best interest of the public to implement Measure 47 as is, with its myriad of unintended consequences and conflicting clauses." He pointed out that there are 3000 different taxing jurisdictions in Oregon, and each one would have a slightly different version of taxpayer benefits under Measure 47. The legislature could not fix by rule-making alone the challenges that Measure 47 brings to the state's tax system.

Legislators tried to rectify through Measure 50 unintended consequences suffered by several local jurisdictions. Examples given the committee of these unintended consequences include:

- 17 rural hospitals that rely on property taxes for operations would be significantly impacted and 5 or 6 would be out of business within three years.
- 42 small cities that rely on one year operating levies will have no means of funding and would have a difficult if not impossible challenge to replace property tax revenue with other sources of revenue.
- Ports, like the Port of Portland, which receives less than 10 percent of their funds from property taxes, blend property tax funds with the other fee-generated revenue in their general funds. This places the port in a position of having to have every fee increase (some of which have historically changed as frequently as weekly to match market situations) come to a vote of the people.
- After losing several times at the ballot box, Morrow County finally passed an operating levy on the same day Ballot Measure 47 passed. Under Measure 47's provisions, Morrow County's levy becomes invalidated, leaving the county without any source of funds for operations and in peril of dissolution.

- The City of Portland has contractual commitments to voter-approved, pre-Measure 47, bond-based contracts for police and fire pensions. Under Measure 47 Portland could potentially find itself in a situation where its ability to meet the contractual requirements to pay back the pension bonds would be jeopardized by Measure 47's restrictions.

Measure 50 compensates for these unintended consequences by including provisions for exceptions from the requirements in Measure 47 that impacted these specific situations.

While proponents are not satisfied that Measure 50 presents a true solution to the property tax problems in Oregon, they believe that it will be better to pass Measure 50 and fix the most blatant problems in Measure 47. Many supporters express concern that, if Measure 47 is not corrected, government-related turmoil will ensue while various portions of the law are dealt with in the courts. Some express optimism that passage of Measure 50 will provide extra breathing room for the legislature and the Governor to consider a fundamental overhaul of the tax system. The certainties found in Measure 50, supporters say, are a better alternative to the likely chaos of Measure 47.

Measure 50 is therefore offered as the most practical solution among an unappealing set of options. It retains fundamental components of Measure 47, but it avoids the court challenges to Measure 47 that could take years and cost several million dollars. It addresses the wording in the original ballot measure that is unclear, contradictory, or that makes it impossible to implement.

Proponents point out that the certainty found in Measure 50 could be critical to local governments and taxing districts in both the short- and long-run, as they are facing imminent deadlines for drafting their next year's budgets. Your committee was told by Measure 50 supporters to encourage voters to go with the certainty, predictability, and efficiency provided by Measure 50 and to support the mitigation or elimination of some of the unintended consequences of Measure 47.

The committee heard from a number of individuals who believe that the courts will throw out all or part of Measure 47. They are concerned that while the legal challenges wend their way through the courts there will be serious negative impacts on hospitals, pensions, social services, and libraries. There were differing views as to how quickly issues would be resolved and local taxing jurisdictions given clear directions by the legislature for building budgets and developing plans. Proponents for Measure 50 express an unwillingness to take the chance that this chaos will be short-term.

In contrast to the relative consistency of views among proponents of Measure 50, opponents are split into two ideologically opposed camps. Each camp focuses on conscience rather than pragmatism, although the competing sentiments arise from distinctly different political views.

The first camp, consisting of supporters of Measure 47, expresses a deep distrust of the legislature, which is depicted as intentionally subverting the will of the people by watering down Measure 47. Measure 50 is viewed as the legislature's expression of contempt for the voters, because, according to this view, the legislature believes that the voters won't catch on to what is happening. Measure 50 is considered more evidence that the legislature acts in ways fundamentally opposed to the welfare of the average citizen.

Some opponents challenge the legislature's assertion that Measure 50 clarifies Measure 47, citing the complex nature and language of the new measure. They warn that Measure 50 weakens the cap originally included in Measure 47 by creating a multitude of exemptions and exclusions. Moreover, they don't think Measure 50 creates a more efficient tax system but rather that it is not desirable at all to shift from a rate-based system to one based on a maximum assessed property value. The members of this camp uniformly believe that the legislature should do its job and implement the unadulterated Measure 47.

The second camp is comprised of people who believe that Measure 50 marks the legislature's abdication of its responsibility to ensure a fair tax system that adequately funds essential public services. Some fault Measure 50 because it is not a complete rewrite of the tax code and because it does not provide the schools with additional funding. This group continues to be concerned about the effects on state and human services of both measures, at a time when federal support is also decreasing.

Some opponents believe that the legislature acted without following proper legislative process, first, by excluding many interested parties from the drafting process; second, by throwing together an ad hoc measure without adequate review or debate; and third, by settling for a quick fix rather than a long-term solution to the state's flawed tax system. They believe that the legislature will consider Measure 50 as a solution that eliminates the need for more comprehensive reform, thus repeating the cycle of avoidance that led to Measure 5 and Measure 47.

Opponents also express the belief or the hope that some or all of Measure 47 will be declared unconstitutional. A common scenario they paint is that Measure 50 fails at the polls, Measure 47 is thrown out by the courts, and the legislature therefore has no choice but to revamp the entire tax system. While many opponents readily admit that this scenario is far from certain, they believe that nothing short of a true fiscal crisis for local governments and special service districts will motivate the legislature to enact reform. Finally, opponents express a distaste for the manner in which the legislature acted in considering Measure 50. They believe that it was inappropriate for the initiator of Measure 47 to be intimately involved in drafting Measure 50.

In committee discussions, little disagreement arose among members regarding many of the fundamental issues surrounding this measure and

the larger issue of tax reform. Your committee supports the Club's position that fundamental tax reform is required in Oregon. We also agree that tax legislation such as that included in Measure 47 and 50 does not belong in the State Constitution. Further, the committee supports the Club's position regarding legislative due process to ensure properly considered and crafted legislation. All of us agree that the legislature has for years failed to properly address the issue of property tax legislation and tax reform in general. This issue is not going to go away. In our view, Measure 50 is, at best, a stopgap response to Measure 47.

V. MAJORITY CONCLUSION

It is the conclusion of a majority of your committee that Measure 50 deserves the support of the voters. While maintaining the key features of Measure 47 that its supporters rallied around, Measure 50 clarifies statewide tax policy that has been muddied in Measure 47. The majority supports its efforts to define confusing terminology used in the original, to clear up contradictory language, and that fact that it simplifies and cuts the cost of administering the current property tax system.

The majority also supports the legislature's efforts to eliminate the unintended consequences of Measure 47 and to continue the provision to give priority to public education and public safety. Measure 50 provides certainties that the majority believes will have positive effects on our communities, including the ability of voters to approve limited local option levies.

The majority believes that we cannot wait for Measure 47 to find its way through the courts before local jurisdictions get clear guidance on how to build their upcoming budgets. The interim damage to many taxing jurisdictions should not be tolerated while long-term solutions are being sought. We would have preferred a thorough review and overhaul of our state's tax system, but we don't have that option at this time.

The majority of your committee continues to be uncomfortable with the fact that Measure 50 is a constitutional amendment that puts extreme levels of detail in the State Constitution. We find little in Measure 50 that meets City Club standards for good legislation. However, since Measure 47 is a part of the Constitution, the only alternative to correcting it is a constitutional amendment. We would prefer a better alternative, but none is currently offered. In this election, Measure 50 is the only alternative to Measure 47.

VI. MAJORITY RECOMMENDATION

For the above reasons, the Majority of your Committee recommends a "Yes" vote on Measure 50.

Respectfully submitted,

John Leeper
Ruth Robinson
Cary Schaye
Ellen Lanier, chair

VII. MINORITY CONCLUSION

The minority of your committee strongly believes that the City Club should not support a bill that retains the negative characteristics of Measure 47. We are also concerned that Measure 50 fails to satisfy the City Club's stated standards for constitutional amendments, tax legislation and legislative due process.

The committee heard that Measure 50 came about, in part, because of the significant hurdles faced by the legislature in drafting enabling legislation for Measure 47. Apparently, therefore, an overriding purpose of Measure 50 is to make bad law easier to implement. The minority believes that this is an inappropriate legislative goal.

The committee heard opinions that Measure 50 represents the legislature's failure to provide a comprehensive, responsible tax system for the state. The minority believes that if the legislature abdicates its responsibility for crafting the state's tax system and instead merely acts to fix the messes created by citizen initiatives, the practice of representative government may suffer significant harm. The minority believes that, given the legislature's responsibility for the state's budget, it should resist attempts by unelected citizen groups to control the tax revenue system.

The minority agrees with the majority that, because of the uncertainties in Measure 47, the defeat of Measure 50 could generate chaos for local taxing jurisdictions. However, the minority believes that public schools and social and government services will suffer equally under Measure 47 and Measure 50. Therefore, the minority favors a short-term period of chaos leading to realistic and comprehensive tax reform rather than the slow death of these programs and services. The possibility that Measure 47 will be declared unconstitutional, in whole or in part, adds to the minority's belief that Measure 50 is unwarranted and that a better approach is more carefully considered, comprehensive tax reform.

VIII. MINORITY RECOMMENDATION

For the above reasons, the Minority of your Committee recommends a "No" vote on Measure 50.

Respectfully submitted,

Stephen Brooks
J. D. Kuhn
Meredith Savery

IX. COMMITTEE ADVISORS

Cory Streisinger, research advisor to both the Majority and Minority of the Committee

Paul Leistner, research director, City Club of Portland

Acknowledgements

The committee would like to thank Cory Streisinger and Paul Leistner for providing an extra dose of advice and assistance in helping us get this report completed in record time.

X. APPENDICES

A. Witnesses Interviewed

Jo Anne Bowman, state representative, Oregon Legislative Assembly

Tom Brian, state representative, Oregon Legislative Assembly

Ginny Burdick, state senator, Oregon Legislative Assembly

Gary Carlson, vice president, Associated Oregon Industries

Margaret Carter, state representative, Oregon Legislative Assembly

Tom Dennehy

Ray Erland, assessor, Clackamas County

Lew Frederick, director of public information, Portland Public Schools

Ellen Lowe, associate director of legislative and governmental ministries, Ecumenical Ministries of Oregon

Jim Manary, administrator, Property Tax Division, Oregon Department of Revenue

Don McIntire

Linda Meng, chief deputy city attorney, City of Portland

Becky Miller, Oregon Taxpayers United (the committee attempted to contact Bill Sizemore—Ms. Miller spoke to the committee on his behalf)

James Scherzinger, legislative revenue officer, Legislative Revenue Office

Courtney Wilton, administrative officer, Multnomah County Tax Supervising & Conservation Commission

B. Resource Materials

City Club of Portland

"Tax Reform in Oregon." May 21, 1993.

"The Initiative and Referendum in Oregon." February 16, 1996.

"Oregon State Ballot Measure 47: Property Tax 'Cut and Cap.'" October 18, 1996.

"Structure and Process of the Oregon Legislature." January 31, 1997.

Oregon Legislature:

69th Oregon Legislative Assembly—1997 Regular Session. *House Bill 3511—Enrolled*, March 21, 1997

House Committee on Revenue. "Staff Measure Summary: HB3511A."

House Committee on Revenue. "Staff Measure Summary: HB3511A."

Legislative Fiscal Office. "Fiscal Analysis of HB3511," March 12, 1997.

Legislative Fiscal Office. "Fiscal Analysis of HJR 85," March 12, 1997.

Legislative Revenue Office. "Taxes on Average House—City of Portland." March 27, 1997.

Oregon Voters' Pamphlet—May 20, 1997 Election

Statements in Favor of Measure 50:

Tom Brian, School PAC

Janie E. Burns, Renew Our Library Levy

Robert R. Cantine, Measure 50 Committee

Ed House, Oregon Library Association

Tim Nesbitt and Karla Spence, Oregon Public Employees Union

Ozzie Rose, Confederation of Oregon School Administrators, School PAC

Ken Rutledge, Oregon Association of Hospitals and Health Systems

Bill Sizemore, Oregon Taxpayers United

Mike Thorne

Statements Opposed to Measure 50:

Stan Ash

Ruth Bendl, Say Definitely No to #50

Tom Dennehy

Curtis Jones

Francis Martinez, Stop It, Just Stop It

Don McIntire

Neutral Statement on Measure 50:

Katherine G. Eaton, League of Women Voters of Oregon
(Although identified by the Secretary of State's Office as a statement opposed to Measure 50, the statement actually says that the League takes no position on the measure. The statement instead asks voters to urge legislators to pass vote by mail for all state elections.)

Newspaper Articles (listed by date):

Mayer, James. "Measure 47 alters core of Oregon property tax."
Oregonian, August 15, 1996, B1&B7.

"The future, filtered through Measure 47." *Oregonian*,
November 22, 1996, B4.

Hunsberger, Brent. "Governments race Measure 47: They fear the
cut-and-cap plan may doom urban renewal districts."
Oregonian, November 22, 1996, B1&B3.

Hill, Gail Kinsey, "Lawmakers face a taxing task handling
Measure 47." *Oregonian*, January 15, 1997, B1&B2.

Hill, Gail Kinsey. "Panel favors tax-tolerant interpretation of
Measure 47." *Oregonian*, February 6, 1997, C1&C6.

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