10-18-1996

Oregon State Ballot Measure 47: Property Tax "Cut and Cap"

City Club of Portland (Portland, Or.)
Oregon taxpayers are deeply concerned about the burden of property taxes. Oregon needs a permanent solution to this problem—Measure 47 is not it. Measure 47 would amend the state constitution to institute yet another dramatic revision of Oregon’s property tax system. This measure is not an extension of 1990 Measure 5—it is a whole new approach to property taxation. Measure 47 would lead to dramatic cuts in property tax revenues, while at the same time effectively blocking the ability of local governments to access alternative revenue sources. The measure would affectively disconnect property taxes from the value of the property and would lock in, or exacerbate, the unequal tax burden ratio between residential and commercial property. Measure 47 addresses only one side of the taxation problem, the desire to lower taxes, but would leave state and local tax districts, including schools, with severely restricted ways to face an increasing demand for public services. Your committee unanimously recommends a “no” vote on Ballot Measure 47.
I. INTRODUCTION

Ballot Measure 47 will appear on the ballot as follows:

**Caption:** Amends Constitution: Reduces and Limits Property Taxes; Limits Local Revenues, Replacement Fees.

**Result of a “YES” vote:** “Yes” vote reduces current property taxes; limits future increases; limits local revenues and replacement fees.

**Result of a “NO” vote:** “No” vote retains the existing property tax system with current limitations on property tax rates.

**Summary:** Amends constitution. Limits 1997-98 property taxes to lesser of: 1995-96 tax minus 10 percent, or 1994-95 tax. Limits future annual property tax increases to three percent, with exceptions. Limits revenue available for schools, other local services funded by property taxes. Local governments’ lost revenue may be replaced only with state income tax, unless voters approve replacement fees or charges. Provides no system for spreading revenue cuts among local governments. Restricts new bonds. Tax levy approvals in certain elections require 50 percent voter participation. Other changes.

(The language of the caption, results, and summary was prepared by Attorney General of Oregon.)

Ballot Measure 47 is a citizen-initiated, state constitutional property tax limitation proposal that would dramatically change Oregon’s property tax system and could have far-reaching effects on the way Oregon’s local governments fund services in the future. Your committee met over the course of five weeks to study this measure. Potential committee members were 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 materials and interviewed proponents, opponents, and others interested in the measure.

II. BACKGROUND

A. Oregon’s Property Tax System—Pre-1990

Prior to 1990, Oregon had a “tax base,” rather than a “tax rate,” property tax system. Under a “tax base” system, voters set the maximum dollar amount, or tax base, that a local government can levy in property taxes. A local government then determines how much tax individual property owners will pay by dividing the total amount to be collected by the total assessed value of all taxable property. For example, if voters
approve a $100,000 tax base in a district in which the total assessed value of taxable property is $5,000,000, property owners would pay a tax rate of two percent, or $20 per $1,000 of assessed value. If the value of property in the district were to increase to $10,000,000, the tax rate would drop to one percent, or $10 per $1,000 of assessed value. In either case, the local government would only collect $100,000. Under a tax base system, the tax rate fluctuates as overall property values rise and fall, while the overall amount of revenue to the local government remains the same. Since 1915, the Oregon Constitution local governments have been able to increase their local property tax base levy every year by up to six percent over the highest levy in any of the three preceding years. Any increase over this amount has required voter approval.

Individual taxpayers generally live within several taxing districts. Each district has been allowed to establish its own property tax levy, and a typical property tax bill usually includes levies for a number of different districts. A Portland resident, for example, may live within the taxing districts of the city of Portland, Multnomah County, Metro, Portland Public School District No. 1, the Education Service District, and Portland Community College. Traditionally, each of these local governments could increase its levy by up to six percent each year without voter approval.

Ideally, a "tax base" system limits the rate at which individual property taxes can be forced up by a rapid appreciation of property values in a community. Under Oregon's system, this safeguard failed to hold the lid on property taxes. Local governments have few sources of revenue other than property tax. Local governments have therefore often asked voters to approve special levies (one year), serial levies (two to ten years), and general obligation bonds to raise funds for particular programs and capital projects. These levies and bonds can be approved by a simple majority of voters. When voters approve these levies and bonds, the cost of the measures are added to their property tax bills on top of the basic tax base levies already levied each taxing district.

B. Changes Instituted by 1990 Ballot Measure 5

After several attempts to limit property taxes and tax increases, Oregon voters enacted Ballot Measure 5 in 1990. Measure 5 imposed for the first time a tax rate limit of $15 per $1,000 of assessed value of real and personal property. The limit was split into separate tax sections, $5 per $1,000 of assessed value for public school funding (pre-kindergarten through post-graduate, special education districts, and community colleges) and $10 per $1,000 of assessed value for non-school local services. The limit was phased in over a five-year period from 1991 through 1995. Measure 5 requires that, if taxes assessed against a piece of property exceed these limits, the amount received by each taxing district (school and non-school) must be reduced proportionately to bring the total tax bill within the prescribed $15 limits. General Obligation Bonds are not included in the above limits.
Through 1996, Measure 5 required the state legislature to replace from its General Fund revenue lost to schools because of the property tax limits. Measure 5 did not, however, require the legislature to maintain Basic School Support funding, which is also paid from the General Fund. In effect, as the state has taken on a greater burden of paying for schools with General Fund monies (which are primarily income tax dollars), education funding has become a state rather than a local issue. The legislature has used this “opportunity” to reinforce processes aimed at equalizing school-related spending. As a result, funding for school districts such as Portland’s have not increased since Measure 5 was enacted. These districts have had to make deep cuts in programs, given budgets that they report are not adequate to cover inflation and enrollment growth.

Measure 5 had two stated purposes: to reduce the overall amount of property tax paid by property owners and to shift the major burden of public school funding to the state General Fund. The measure succeeded in shifting school funding to the state, but it has not led to long-term property tax relief. For a variety of reasons, including a rapid increase in residential property values and voter approval of significant special assessment bond levies, the average property tax for a non-business taxpayer has stayed relatively constant since the enactment of Measure 5. Coincidentally, however, commercial property values have decreased or grown more slowly. As a result, an increased proportion of the tax burden has shifted to residential property taxpayers.

C. Content of Measure 47

Measure 47 would represent another dramatic change in Oregon’s property tax system. The measure’s proponents developed Measure 47 primarily because of the perceived failure of Measure 5 to reduce individual property taxes. Measure 5 did reduce the rate at which property taxes would have increased under the old system, but rapidly increasing residential property values prevented an actual decline in residential property taxes. Measure 47 proponents propose a new approach to property taxation that would:

- Cut property taxes, limiting 1997-98 taxes to 10 percent less than the 1995-96 level or the 1994-95 level, whichever is lower.
- Limit annual property tax increases to three percent above the previous year’s tax level, regardless of the assessed value of a property, with exceptions.
- Forbid replacement of funding for services historically supported by property taxes without a vote on the proposed replacement fees or charges.
- Require both a majority vote and 50 percent voter turnout to pass new property tax measures at any election other than a general election.
- Limit use of general obligation bonds to specified purposes related to construction, improvements, and public safety.
Measure 47 will reduce property taxes. The following figure shows the difference between current property tax levels under Measure 5 and the proposed levels under Measure 47 for an average residence in Multnomah County.

**Figure 1.**

**Average Residential Property Value vs. Tax with and without Measure 47**

![Graph showing the difference in tax levels with and without Measure 47.](image)

Source: Multnomah County Budget and Quality Office.

The Oregon Legislative Revenue Office estimates Measure 47 would reduce property tax revenues statewide by about $467 million in 1997-98 (a 20.6 percent reduction out of a projected total of $2,264 million) and $553 million in 1998-99 (a 22.7 percent reduction out of a projected total of $2,440 million). The allocation of these cuts will be determined by the legislature. Because of the decrease in property tax deductions, state income taxes are estimated to increase by an additional $50 million over the 1997-99 biennium.

Because proponents and opponents differ in interpretation of the language of the ballot measure, there are two main areas of uncertainty that will need to be clarified after the election, if the measure passes:

- While the ballot measure calls for prioritization of spending of public funds for "public safety" and "public education," it is not clear how the legislature would define or specify tax cuts to be apportioned by local governments to meet these priorities.
• The location of the language in the ballot measure related to a "majority" vote and "50 percent turnout" creates uncertainty as to whether these requirements apply only to general obligation bond elections or to future operating levy votes, which would partially negate the three percent limitation.

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 satisfying 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.

III. ARGUMENTS PRO AND CON

A. Arguments Advanced in Favor of the Measure

• Saves taxpayers money by stopping immediate tax increases and by rolling taxes back to a previous lower level.
• Enables property owners, particularly those with fixed lower and middle incomes, to have a more predictable and stable property tax level.
• Appeases frustrated property taxpayers by restructuring the property tax system, shifting it from a tax base to a tax rate system.
• Requires that any cuts resulting from the measure be made in ways that prioritize public safety and public education and minimize loss of local control by cities and counties.
• Puts tight controls over local government spending but allows for three percent annual increase to cover inflation and growth, with some exceptions.
• Prohibits local governments from shifting services and products funded through June 1995 by property taxes to fees or other related funding mechanisms.
• As a practical matter, requires tax districts to have a vote on proposed property tax increases at general elections, when the voter turnout is high.
• Could lead to a long-term solution to easing the heavy burden carried by property taxpayers.

B. Arguments Advanced Against the Measure

• Encourages disinvestment in public services.

• Modifies the property tax system by separating property tax rates from property values.

• Would lead to first year revenue losses of approximately $500 million in total property tax collections.

• Would perpetuate funding uncertainty for schools and local governments by leaving decisions related to tax cut apportionment in the hands of the state legislature.

• Adds to the effects of unfunded voter-approved, initiative-driven mandates, at a time when decreased federal funding is also increasing the burden on the state’s General Fund.

• Would freeze and perhaps exacerbate the current unequal ratio between residential and non-residential property tax burdens.

• Places restrictions on the ability of taxing districts to use fees and other charges to pay for services and products.

• Takes decision making on local priorities and funding mechanisms out of the control of local voters and local taxing districts and places decisions in the hands of the legislature.

• By requiring that approval of new property tax proposals can occur only at an election that has a 50 percent registered voter turnout (on any date except a general election), changes traditional democratic principles of approval by majority vote by turning those that do not vote into de facto “no” voters.

• Creates in a constitutional amendment a variety of details that would be difficult to clarify and amend at some future point in time.

• Would lead to reduction of services, especially those typically provided to low income people.

IV. DISCUSSION

Ballot Measure 47 proposes a dramatic change in the funding of local taxing districts. As the latest in a long line of attempts to provide property tax relief, Ballot Measure 47 would reduce property taxes starting in 1997 and place a cap on their growth. It would also initiate processes that would likely lead to large cuts in funding of services historically supported by property taxes. Tax relief would be real in most cases, but state and local tax districts, including schools, would be left with severely restricted ways to face an increasing demand for public services currently supported by property taxes.
A. Property Tax Crisis in Oregon

Booming economic times bring a mixed blessing to many Oregonians—increased values in much of the residential marketplace also create an increased property taxpayer’s burden. Because of the state’s tax structure, taxing districts rely heavily on property taxes, which are levied without regard to a taxpayer’s ability to pay. Your committee heard from both proponents and opponents of Measure 47 that the need for a comprehensive change in the mechanisms used to fund schools and public services in Oregon is critical. Their disagreements lie in the appropriate methods for making that change.

Proponents express concerns that the budgets of many taxing districts have risen in recent years at rates they calculate to be greater than the rate of property value appreciation. Proponents also claim that during the years Measure 5 was being phased in, overall school funding increased 34 percent, much faster than the rate of inflation. They also argue that the growth of local government budgets has been disconnected from a reasonable growth in the need of services. As a result, part of the proponents’ message in Measure 47 is aimed at telling taxing districts that it is not acceptable to increase spending faster than a percentage equal to inflation plus very modest growth.

Opponents disagree with the analysis of the numbers and the inferences drawn by supporters of Measure 47 related to the motives behind growth in governmental services and spending. While proponents cite figures that illustrate the size of the overall school funding increase during the past five years, their analysis does not address enrollment increases, changes in scholastic requirements, or other factors that might substantiate reasons for this increase.

Measure 47 opponents point out that the argument for cutting taxes and government spending always sounds good, but it is only half of a choice, since it does not clarify where public service cuts should be made. They stress that the need for public services is growing faster than inflation and stretching already limited state funds. This growth is coming as a result of cuts in federal funds and the necessity to invest in roads and other parts of the state’s infrastructure. In addition, part of the demand for public services, like that for new prisons and jails, is being driven by the effects of voter-approved initiatives that contain mandates for action but no new funding sources to support those mandates.

Measure 47 opponents encourage voters to look at the details of what services will have to be cut and implications of these cuts in order to make an informed decision. They cite the effects of a booming economy, including local government tax increases that are related to population growth, attendant demands for public services, positive marketplace influence on property values, and voter approval of bonded indebtedness for local priorities.
B. Impacts of the Measure

Property Tax Owner Burdens

Your committee heard testimony that indicated that Measure 47’s change in the method of determining the tax may be as radical as the tax cut itself. The property tax system called for in Measure 47 disassociates assessed property values from property taxes levied. Under Measure 47, the only thing that will determine a property tax rate will be the amount of tax the previous year. Taxing districts will no longer be able to increase property taxes based on public demands for services but will be limited to a maximum of 3 percent increase over the last year’s rate, no matter what the rate of inflation, the service demand, or the current assessed value of the property.

There is a widespread perception that, with the implementation of Measure 5, the residential tax burden has increased while the commercial tax burden has fallen. This coincidental shift did take place but was not caused by Measure 5. Instead, a rapid increase in residential property values without a corresponding increase in commercial property values caused a proportional shift in the tax burden. As a result the homeowners who thought they had most to gain from the Measure 5 limitations have not seen the results they expected. Rather the greatest property tax savings have accrued to income producing properties. During the last five years, the growth in residential property values has been so great that the tax burden has shifted away from business property to homes. Figure 2, next page, shows that residential property has paid about $360 million of taxes annually since 1990-91. Commercial property taxes paid have decreased from about $300 million in 1990-91 to about $200 million in 1995-96.

According to a recent radio spot by Bill Sizemore of Oregon Taxpayers United, the chief sponsor and proponent of Measure 47, “Our initiative stops the shift of the property tax burden from commercial property to residential property.” Your committee heard testimony that indicated that this assertion may not be accurate. Measure 47 will freeze the current disparity between residential and commercial property tax values. Because the commercial property market tends to have greater swings in property value, the value of commercial property can decrease to an even lower base before its taxes begin to increase at the allowable three percent per year maximum. Because of the way Measure 47 is written, if residential values flatten and commercial values grow, there is no way to link this shift in values with property tax rates that can lead to a more equal tax burden.

State and Local Government Issues

The ballot measure calls for a cut in 1997 of at least 10 percent from the 1995-96 property tax rate. In estimating the fiscal impact of this cut, the Legislative Revenue Office projects a potential statewide loss of revenues closer to 20 percent or approximately $1 billion during the 97-99 biennium. The difference between the 10 percent called for in the...
measure and the 20 percent estimated cut lies in accounting for the
growth projected between 1995 and 1997. Proponents point to this
difference of approximately $500 million as an indication of how much
the growth in government revenues will be through increased taxes.
Opponents say that the figures reflect growth in demand for necessary
government services that are expected over the next few years.

It is left up to the legislature and therefore remains unclear how FY
1997-98 tax funds will be specifically allocated among local governments
and schools. Therefore, it is too soon to pinpoint changes and losses in
revenue. The city of Portland, Multnomah County, and other local
government agencies, uncomfortable with the possibility that they may
be caught “crying wolf” by the measure’s proponents, are hesitant to
specify Measure 47’s fiscal impact on their own budgets.

Representatives of local governments did express general concern
that Measure 47 will accelerate the loss of local control that started under
Measure 5. Measure 47 again leaves it to the legislature to create a
statewide hierarchy of spending and savings. Your committee heard
concerns from representatives of social service organizations about
where funding cuts might be made. As demands increase on the State’s
General Fund for support of schools, prisons, and the Oregon Health
Plan, there will be fewer discretionary dollars to apply to social services.
When this situation is combined with a decreased flow of federal funds
to states, there will be increased pressure to change income and business
taxes to help make up for some of the difference.
School Funding

Your committee was reminded that voters were given assurances during the Measure 5 campaign that they could vote for property tax relief and not damage their schools. However, some school systems suffered severe impacts, like Portland's, while others fared better. This same argument is now being used in the Measure 47 campaign. Proponents state that they assume the legislature will turn to the General Fund to make up losses impacting schools and local governments. Unlike Measure 5, which called for state replacement of part of the funds lost by schools, there is nothing in Measure 47 that mandates similar action.

Because most schools are already at the $5 per $1,000 cap on how much property tax they can levy, Measure 47's impact on schools would likely result in a 10 percent cut in school property tax revenues. One important effect of the cut, however, will be to potentially slow the state's school funding equalization process by limiting the dollars available to continue this process.

Voting Requirements

Measure 47 requires that any new or additional levies against real or personal property be approved by:

- a majority of voters voting in a general election in an even numbered year; or
- in another election in which not less than 50 percent of the registered voters eligible to vote cast a ballot. ¹

Local governments are skeptical about their ability to get new funding sources approved by 50 percent of registered voters instead of 50 percent of the people actually casting votes in the election. From November 1990 to May 1996, Multnomah County voters voted on local government financing proposals in 21 non-general elections, according to the Multnomah County Tax Supervision and Conservation Commission. Only six of these elections saw voter turnout exceed 50 percent; thirteen

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¹ Another measure on the November 1996 ballot, Measure 46, would similarly require a majority of registered voters to approve any new tax, tax increase, or revenue measure put on state or local ballots. On August 27, 1996, a panel of six former Oregon law school deans, issued a statement that said that this requirement in Measure 46 would "effectively deny the people and the Legislature the ability to raise funds for Education, Law Enforcement, Prisons, Health Care and other needs for the people of the State of Oregon," and would "violate the one-person-one-vote rule established by the United States Supreme Court." Opponents of registered voter majority requirements say that they would enable a minority of voters to defeat revenue measures favored by a majority of voters and would give equal weight to a vote cast on a measure and the decision of a registered voter to simply not participate in the election. Further, they would make it virtually impossible for local governments to pass new revenue measures.
of 21 measures received a majority vote of those voting. Under Measure 47’s requirements, only three measures would have qualified for passage.

**Language Ambiguities**

Measure 47 opponents also expressed concern about the uncertainties surrounding the meaning of several provisions of the measure. Specifically, because of imprecise language in the ballot measure, the clause that requires a 50 percent registered voter turnout for property tax levies in non-general elections may result in voting requirements that were not intended by its proponents. Confusion over whether or not there are exceptions to votes on levies to pay bonded indebtedness may create a requirement that *all* new or additional property taxes be imposed only after approval of the voters. This would mean that, in years following the passage of Measure 47, each taxing district would have to submit every property tax increase to the voters, even the three percent potential annual increase intended by proponents of the measure. These uncertainties, along with the need to define key terms used in the ballot measure language, may leave the measure virtually unenforceable without significant legal interpretation.

**Measure 47 as a Constitutional Amendment**

When the City Club recently looked at the initiative and referendum process in Oregon, the Club determined that the initiative process be amended:

- To limit amendments to the state constitution to fundamental changes related to government;
- To ensure deliberative review of such amendments before submission to the people;
- To require that a three/fifths majority approve changes in the state constitution; and
- To ensure that proposed measures requiring general fund expenditures do not impair the budgeting process or remove support from other government functions considered in the proposed measure.

Measure 47 does not meet these standards.

**V. CONCLUSIONS**

Your committee is very concerned that Measure 47 is a constitutional amendment that puts a level of detail into the constitution that is inappropriate. This measure virtually does away with local control of budgets and tax rates and places strict restrictions on future actions of taxing districts. In addition, any future tax reforms will have to be written within the limits of the constitutional restrictions specified in this measure or would require a whole new constitutional amendment.
Our concerns are compounded by the vagueness of meaning of portions of the ballot measure. Because it is a constitutional amendment, clarifying its meaning will require litigation, not legislation. No fine-tuning will be allowed by legislative action to correct any oversights in its writing. It will likely take years to sort things out. Your committee is concerned that this could lead to a crisis of governance, for example, while local governments determine their ability to implement three percent annual increases.

Governor Kitzhaber said in a recent speech that “We are at a point where we are not able to maintain the investment in our current infrastructure, let alone expand capacity to manage growth...This is not a debate about new taxes, this is a debate about different priorities and different choices.” Based on what the committee has seen and heard, we agree with the Governor.

There is no way to estimate the actual effects of Measure 47 until the legislature makes decisions required by the proposed measure. Given the projection by the Legislative Revenue Office that approximately $500 million will be lost in property tax revenue in the first year of the measure, your committee is concerned that this will mean there will be a severe impact on priorities and choices related to local governments, schools, and community-based services.

Many local government expenditures are undertaken as investments to maintain the future health and viability of their communities. If this measure passes, local governments will face a loss of revenue, increased restrictions on the ability to shift to the use of fees for funding services, and voter requirements that in effect could paralyze local efforts to create new or alternate funding sources. Under Measure 47, local governments will not be able to afford the infrastructure needed to accommodate population growth and booming economic times.

If the overall intent of the proponents is simply to cut their property taxes, Measure 47 will do that. It may, however, take years to clarify what the ballot measure language intends and how to actually implement it. By setting in the state constitution limitations on ways future governments may respond to demands for increased services, the long-term inflexibilities and negative effects of this measure far outweigh the proponents intent to limit property taxes.

Opponents and proponents agree that the current property tax system can be unfair to those with lower and fixed incomes. There was nothing that your committee heard that indicated that Measure 47 will address this unfairness. Based on this fact, it appears that, whether or not the measure passes, the whole property tax issue will be back before Oregonians again in the future. Substantive changes to the state’s tax system are still needed. Measure 47 does not provide the comprehensive answers needed to solve Oregon’s taxation problems.
VI. RECOMMENDATION

Your Committee unanimously recommends a NO vote on Measure 47.
Respectfully submitted,

Stephen Brooks
David Frank
Maryjane Keep
J. D. Kuhn
Carl Lamb
John Leeper
Ruth Robinson

Meredith Savery
Cary Shaye
Ellen Lanier, chair
Pete Behr, research advisor
Paul Leistner, research director

VII. APPENDICES

A. Witnesses Interviewed*

Linda Adlard, chief of staff, City of Beaverton
Dr. Drew Barden, city economist, City of Portland
Bridget Barton, citizen activist and member of the Oregon Secretary of State’s Ballot Measure 47 Explanatory Statement Committee
William Beck, director of Lincoln and Roosevelt Region, Portland Public Schools
R. Barry Crook, budget and quality manager, Multnomah County
Chris Dearth, legislative director, Office of the Governor of Oregon
Paul Downey, director of finance and taxation, Columbia County
Janice Druian, director of assessment and taxation, Multnomah County
Robert Ellis, assessor, Multnomah County
Ellen C. Lowe, associate director, Ecumenical Ministries of Oregon
Jim Manary, division administrator, Oregon Department of Revenue
John C. Marshall, director of legislative services, Oregon School Boards Association
Bill McDonald, chair, Columbia County Board of Commissioners
Fred Miller, vice president of public affairs and corporate services, Portland General Electric Company
James R. Scherzinger, legislative revenue officer
Courtney Wilton, director, Multnomah County Tax Supervising & Conservation Commission

*Bill Sizemore, executive director, Oregon Taxpayers United, declined an interview.
C. Resource Materials

City Club of Portland:


"Constitutional Real Property Tax Limit (State Measure No. 2)." November 2, 1984.

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


Multnomah County:

Division of Assessment & Taxation. "1996 Ratio Study."


Tax Supervising & Conservation Commission


"A Discussion with Community Partners," The 1997-1999 Department of Human Resources Budget.

Kitzhaber, John. Speech to The Dalles Rotary, July 30, 1996.


Resolution from the Membership

Prepared by the Research Board for consideration by City Club members on Friday, November 1, 1996.

Re—Oregon State Ballot Measures:

Measure 41: Amends Constitution: State How Public Employee Earnings Must be Expressed
Measure 42: Amends Constitution: Requires Testing of Public School Students; Public Report
Measure 45: Amends Constitution: Raises Public Employees’ Normal Retirement Age; Reduces Benefits

WHEREAS, the City Club’s Initiative and Referendum Study Committee studied Oregon’s initiative process in depth for over one year; and on February 16, 1996, the City Club’s general membership overwhelmingly adopted the recommendations of the Committee’s report; and

WHEREAS, among its conclusion, the Committee stated that “Amendments to the Oregon Constitution, whether proposed by the initiative or by the legislature, should relate only to the structure, powers, and limitations of government and the rights of the people with respect to their government. Initiative measures of less fundamental nature should be enacted as statutes. Initiated statutes that dedicate revenue, or which make or require appropriations in excess of $500,000 per annum, or higher amount prescribed by the legislature, should be limited to those measures which provide new revenue to such dedication or appropriation;” (Conclusions and Recommendations, p. 43.)

WHEREAS, Measure 41 amends the constitution to redefine total compensation received by public employees and requires that this information be made available to the public;

WHEREAS, Measure 42 amends the constitution to require all students receiving public funding, grades 4 through 12, to be tested annually on math and verbal skills and, further, requires the Department of Education to issue a public report on the test results for each school within ninety days of the test being given;

WHEREAS, Measure 45 amends the constitution to define retirement age for public employees and to restrict benefits for retiring public employees under certain circumstances; and

WHEREAS, each of these measures is inappropriate for constitutional amendment because they do not “relate to the structure, powers and limitations of government and rights of the people with respect to their government,” but are of a less fundamental nature; and Measure 42 requires substantial funding without provisions for new revenue.

THEREFORE, BE IT RESOLVED that the City Club membership directs the Board of Directors to publicly express the Club’s opposition to Ballot Measures 41, 42 and 45 on the November 5, 1996 ballot.