

Tax Election Ballot Measures

A Guide to Writing Ballot Measures for Property Taxing Authority



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Chapter 1—General information

Local governments are authorized by the Oregon Constitution and Oregon Revised Statutes (ORS) to ask their voters for certain types of property taxing authority. Such a request is referred to the voters in an election by means of a ballot measure. This booklet will help you write the ballot measure and determine which election date to choose.

Elections Division

The Oregon Secretary of State Elections Division administers the laws governing the conduct of elections in Oregon and provides a series of election manuals and associated forms, including the *County, City, and District Referral Manual*. This manual provides current election dates and a calendar showing the final filing dates for various types of elections. It is available from the Elections Division website, www.oregonvotes.gov, or by calling 503-986-1518.

Manuals and forms are also available from the county clerks, who serve as the county election officers. Your county clerk can answer most questions about the conduct of elections.

All tax elections must be conducted through the county elections office. A local government (also called a taxing district throughout this manual) wishing to submit a ballot measure must provide the appropriate measure election notice to the county elections office by the filing date. The notice includes the election date and the ballot title. For county and city measures any ballot title submitted must be final and the challenge period complete. The ballot title for a district measure will be finalized after the measure is filed with the county elections official. After receiving a district measure, the clerk will publish a notice of election in the newspaper. The notice will include a statement that a voter may file a petition for review of the ballot title. If there is no challenge to the ballot title, or if there is a challenge, but the Circuit Court certifies the ballot title, the clerk assigns a measure number.

Department of Revenue

The Oregon Department of Revenue administers the laws governing property taxes. The department provides manuals, such as this one, and administrative rules to assist local governments in complying with the law.

A tax ballot measure must meet the requirements of all election and taxation laws. **If a voter-approved measure fails to meet the requirements of law, the Department of Revenue may void part or all of the tax (ORS 310.070).**

Your questions about taxing authority, tax ballot measure language, and local budget law can be answered by the analysts in the Finance, Taxation, and Exemptions unit, Property Tax Division. You can call, write, or email any of the analysts. Information on how to contact them is in Appendix A.

Election dates for tax purposes (ORS 203.085, 221.230, 255.345, 280.070)

1. Second Tuesday in March.
2. Third Tuesday in May.
3. Third Tuesday in September.
4. First Tuesday after the first Monday in November.
5. Primary–Third Tuesday in May of even numbered years.
6. General–First Tuesday after the first Monday in November of even numbered years.

Tax election dates when forming a new special district or city with a permanent rate limitation (ORS 198.815, 221.040)

An exception to the four election dates stated above is when a ballot measure proposes formation of a new special district or city with a permanent rate limitation.

Measures for city formation with permanent rate authority must be at a primary or general election. Measures for special district formations with permanent rate authority must be at any May or November election.

“Double majority” election dates

Article XI, sections 11(8) and 11(k), of the Oregon Constitution provide that a property tax measure submitted for approval or rejection at a May or November election, may be approved by a majority of the voters voting affirmatively for the measure. A property tax measure submitted at a March or September election

may only be approved if at least 50% of registered voters eligible to vote in the election cast a ballot and if a majority of the voters vote affirmatively for the measure.

Emergency elections

Oregon law allows emergency elections to be held under extraordinary circumstances. The following laws give the specific requirements:

- County emergency elections, ORS 203.085(3);
- City emergency elections, ORS 221.230(3);
- Special district elections, ORS 255.345(2);

- Schools, ESDs, and community colleges, ORS 255.345(2).

Contact your county elections officer for filing and notification requirements.

Initiative or Referendum Petition

With the exception of emergency elections, an election on a county, city, or district measure other than a measure referred by the governing body of the county, city, or district must be held in May or November (ORS 203.085, 221.230, and 255.185).

Chapter 2—Elections and budgets

The tax election process is not tied directly to the local budget process. However, the two processes are closely coordinated. Voters can be asked to approve taxes **before** the budget process begins, **during** the budget process, or **after** the end of the process.

Voter approval of a tax rate or tax dollar amount sets an upper limit on taxation. An approved ballot measure does not require a taxing district to impose the full rate or amount of tax. The district establishes the need for the tax through the budget process. If the budget for the coming year requires less tax than the voters approved, a lower tax levy may be imposed.

The budget committee may approve any proposed taxes as part of its approval of the budget. The proposed new taxes should be approved even if the election has not yet been held. The amount of tax certified to the county assessor can always be less than the amount approved by the budget committee, but not more, unless additional budget process steps are taken.

For more information on Oregon’s local budget law, refer to the *Local Budgeting Manual* or contact the Department of Revenue Finance, Taxation, and Exemptions unit.

First tax year a levy is imposed

The first tax year in which a tax can be imposed may influence which election date you choose. The tax year is July 1 through June 30. Taxes that are approved in the November, March, and May elections can first be imposed the following tax year. For example, a local option tax approved by voters in May 2016 can first be imposed in the tax year beginning July 1, 2016. The district would begin receiving distributions of the revenue in November 2016. A tax approved in November 2016 can first be imposed in the tax year beginning July 1, 2017 with distributions beginning in November 2017.

Local option tax election in September

The governing body must enact a resolution or ordinance by June 30 adopting the budget and making appropriations. When your taxing authority has not

been finally determined by June 30 because of a tax election scheduled in September, the governing body has a choice. They can include the estimated revenue from the proposed new tax in the budget and appropriate it. If the revenue is not included in the budget and the September measure passes, the governing body must adopt a supplemental budget after the election to add that revenue to the budget and appropriate it.

On the other hand, if the funds from the levy are included in the budget adopted before June 30 and then the measure fails, no action is required, although the governing body may approve a supplemental budget to reduce the budget requirements to balance with the lower tax revenues.

If proposing a tax in a September election, the governing body must submit a written request to the assessor for an extension of the July 15 deadline for certifying property taxes. The assessor may grant an extension until after the election. If the district extends into more than one county, the district must request this extension from the assessor of each county in which it is located.

After the election, if the new local option tax was not included in the adopted budget, the governing body must adopt a resolution or ordinance to impose the tax and categorize the levy amount or rate as provided in ORS 310.060. File two copies of this resolution, two copies of the tax certification (Form LB-50 or ED-50), and two copies of the successful ballot measure with the assessor by the extension date.

Note that the September election is on the third Tuesday of the month. The assessor can only grant an extension to certify taxes until October 1 at the latest. If the election results are challenged or there are other delays in determining the election results, you may run out of time to certify before the deadline and forfeit a year of your taxing authority. You may want to consider this possibility before scheduling your measure for a September election.

Another potential drawback is that a September election is still subject to the “double majority” requirement of Article XI, section 11(8). You may want to consider submitting your measure in a May or November election instead, since those dates require only a simple majority of “yes” votes.

Chapter 3—Types of property taxes

Both the Oregon Constitution and Oregon statutes limit the amount and type of tax a local government may impose. Two types of ad valorem¹ property taxes are available to most types of taxing districts if approved by the voters of the district:

- Taxes within a permanent rate limitation, and
- Local option taxes².

In addition, some types of districts may also ask their voters to approve general obligation bonds for capital construction or improvements. Approval of such bonds carries with it the authority to levy ad valorem property taxes to pay the debt service on the bonds.

Permanent rate limitation

The Constitution allows a local government to annually levy within its permanent rate limit the amount of property taxes generated when that rate is applied to the assessed value of the district.

A permanent rate is an ad valorem property tax rate limit expressed in dollars per thousand of assessed value (for example, \$1.50 per \$1,000). Once a permanent rate is established, no action of the district or its voters can increase or decrease this limit. A district may impose a levy each year, up to its limit, without additional voter approval. A district may also levy less than its limit in a given year without affecting future utilization of the full rate limit.

Generally, only new districts or districts that have never imposed a property tax (other than a bond levy) can seek voter approval of a permanent rate limit. However, a new district or one that has not previously obtained voter approval for permanent rate authority may ask voters to approve a local option tax and then at a later date request voter approval of a permanent rate limit. A district may ask for only one permanent rate limit.

Local option taxes

When a district has no permanent rate or when the permanent rate does not provide enough revenue to meet estimated expenditures, the district may ask voters to approve a local option tax.

1 “Ad valorem” means according to value. The ad valorem tax on a property is computed by multiplying a tax rate by the property’s value.
 2 Education service districts may not ask for local option taxing authority.

Local option taxes can be used for general or specific purposes. Local option taxes used for general operating purposes can be imposed from one to five years.

Local option taxes used for capital projects may be imposed for the expected useful life of the capital project or 10 years, **whichever is less**.

“Capital project” is defined in statute [ORS 280.060(3)(b)]. It includes:

- Acquisition of land to construct an improvement;
- Acquisition of buildings;
- Acquisition or construction of improvements;
- Acquisition or construction of additions to a building that increase its square footage;
- Construction of a building;
- Acquisition and installation of machinery and equipment which will become an integral part of a building; or
- Purchase of furnishings, equipment, or other tangible property with an expected useful life of more than one year.

Determining the expected useful life of a capital project is not complicated when only one type of capital project is to be financed by the local option tax. However, if the proposed local option tax is to pay for different types of capital projects with different expected useful lives, then the following formula is used to determine the maximum number of years the local option tax can be imposed.

$$\text{Average useful life} \times \text{Cost} = \text{Weight}$$

$$\frac{\text{Total weight}}{\text{Total cost}} = \text{Maximum years allowed for tax}$$

Example:

Item	Cost	Useful life	Weight
2 computers	\$10,000	2 yrs.	20,000
2 cars	80,000	5 yrs.	400,000
Rewiring	<u>50,000</u>	15 yrs.	<u>750,000</u>
Totals	\$140,000		1,170,000

$$\frac{1,170,000}{140,000} = 8.35, \text{ rounded down to 8 yrs.}$$

The maximum time that this local option tax can be imposed is eight years. Standard rounding is used.

If the local option tax is to be used for the combined purpose of operating and capital projects, it can be imposed for no more than five years.

Local option taxes can be in the form of a rate per \$1,000 of assessed value or in the form of a dollar amount of tax. When voters approve a rate, then no more than that rate can be imposed each year throughout the period of time that the tax is authorized. When the voters approve a dollar tax amount, then no more than that amount may be imposed each year throughout the life of the tax [ORS 280.060(1)].

An advantage of a local option tax in the form of a rate per \$1,000 of assessed value is that the revenue from the levy can increase over time if the value of the property in the district increases. However, revenue could also decline if the value decreases. An advantage of a dollar amount local option is that the amount is fixed, and the assessor will adjust the rate imposed as necessary to raise that amount, even if the value in the district decreases.

When writing a local option ballot measure, consider the dollar amount you need when determining the amount or rate you request from voters. A local option, when levied, will not be fully realized. The amount actually collected will be reduced by:

- Loss due to discounts;
- Uncollected taxes; and
- Possible Measure 5 compression.

The estimate of these losses should be added to the dollar amount needed from the local option to determine the **final** dollar amount or rate stated in the ballot measure. Your county assessor can help you to estimate these amounts.

Measure 5 limits

Measure 5 (1990) created limits on the amount of operating tax that can be imposed on each property. The limits are \$5 per \$1,000 of real market value for education and \$10 per \$1,000 of real market value for general government purposes. If properties within your district have reached or are close to the Measure 5 limits, the first taxes reduced (“compressed”) to meet the limits are any local option taxes. In extreme situations, your entire local option tax levy could be

eliminated to bring taxes within the Measure 5 limits [ORS 310.150(5)].

See the *Frequently Asked Questions* section for a method of estimating whether there is room under the Measure 5 limit to impose a local option tax.

Taxes for bonds

Cities, counties, and some types of special districts are authorized by statute to ask their voters for permission to issue general obligation bonds. To determine whether your district can ask for bonds, consult the primary enabling chapter of the Oregon Revised Statutes for your type of district. When voters approve general obligation bonds for capital construction or improvements, they are giving the local government the authority to levy property taxes each year to pay the principal and interest on the bonds.

Ballot questions requesting approval of bonds must include this statement directly after the question:

“If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution” [ORS 250.037(1)].

The ballot title summary must contain a reasonably detailed, simple, and understandable description of the use of the bond proceeds [ORS 250.037(3)].

This manual does not include complete information on writing ballot measures for bonds. Consult the bond counsel that assists you in structuring your bond sale for more information on writing the measure.³

3 ORS 251.345 *Explanatory statement. Not later than the date specified by the Secretary of State, in a county that prepares a county voters' pamphlet, the governing body for any electoral district that has referred a measure to the voters shall submit an impartial, simple and understandable statement explaining the measure and its effect.*

(These statements are limited to 500 words. The county clerk will reject any referred measure submitted without an explanatory statement [OAR 165-022-0040])

Chapter 4—Ballot titles

All tax ballot titles have a common format.

1. **Caption:** 10-word limit. This is a title identifying the subject of the measure. The name of the district and dollar amounts are **not** included in the caption.
2. **Question:** 20-word limit. The question asks voters if they will allow the district to impose a dollar amount of tax or a tax rate. It must be stated so that it can be answered “yes” or “no.”

In addition, a “yes” response must mean that voters approve the measure, while a “no” response must mean they do not approve.

Except for general obligation bond measures, the question must contain the **amount of property tax in dollars and cents** or the **tax rate per \$1,000 of assessed value** being requested and the **first fiscal year** the tax will be imposed. For local option tax measures, it must include the **purpose of the tax**, such as operating or capital project, and the **number of years** that the tax will be imposed (OAR 150-280-0020).

The word “district” can be substituted if the full name of the local government is in the ballot title summary (OAR 150-280-0020).

The following statement is required directly after the question for new local option taxes: “This measure may cause property taxes to increase more than three percent.” This statement is not included in the 20-word limit [ORS 280.070(4)].

If the measure asks voters to renew a currently existing local option levy, this statement is required instead: “This measure renews current local option taxes.” This statement is not included in the 20-word limit (ORS 280.075).

A measure renews a current local option tax if it is for substantially the same purpose and asks for a rate or amount that is equal to or less than the current rate or amount.

3. **Summary:** 175-word limit. The explanation is in plain, factual, and nontechnical language. It describes the specifics of the question without advocating a “yes” or “no” response to the question.

Unless the election is held in May or November, **the first sentence of the summary must be the following statement:** “This measure may be passed only at an election with at least 50 percent voter turnout.” This statement is not included in the 175-word limit.

For local option taxes, the summary must include the **total amount of tax** to be raised by the measure. If the local option tax is in the form of a rate, the summary must also give an estimate of the **amount of tax to be raised in each year** in which the tax will be imposed. This statement is not included in the 175-word limit [ORS 280.075(2)].

If you are asking for approval of a fixed-dollar local option tax, you may include the estimated rate per \$1,000 of assessed value that is expected from the tax amount requested. This is optional. It allows voters to more easily figure how the new taxes will affect their property. To determine the rate, divide the amount requested by the total assessed value in the district, then multiply by 1,000. For example, if you are asking for a tax amount of \$100,000 and the assessed value in your district is estimated at \$50,000,000, the estimated rate would be \$2.00 per \$1,000 of assessed value.

If the estimated rate for a fixed-dollar levy is given in the summary, you must include the following statement: “The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of the estimate and may reflect the impact of early payment discounts, compression and the collection rate.” This statement is not counted as part of the 175-word limit [ORS 280.075(1)].

Ballot measure examples

Multiple-year local option tax—fixed-dollar amount [ORS 280.060(1)(a)]

Caption—10 words

- a. Purpose is to identify the type of tax.
- b. Do not put district name or dollar amounts in the caption.

Question—20 words

- a. Include the name of the taxing district. The word “district” may be substituted for the full name if the full name is included in the summary.
- b. State the amount of tax to be imposed each year in dollars.
- c. State whether the tax is for operating purposes or capital projects.
- d. State the first fiscal year the tax will be imposed and the number of years the tax will be imposed.
- e. If this is a new local option tax, include the following statement after the question: **“This measure may cause property taxes to increase more than three percent.”** If the measure is renewing a currently existing local option tax, include the following statement instead: “This measure renews current local option taxes.” These statements are not counted in the 20-word limit.

Summary—175 words

- a. Explain the purpose in plain language. Do not advocate a yes or no answer.
- b. This example is in May, so the double majority statement is not included.
- c. Include the total amount of tax to be raised by the measure.
- d. If an estimated rate per \$1,000 is given, include the statement: **“The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of the estimate and may reflect the impact of early payment discounts, compression and the collection rate.”** This statement is not counted in the 175-word limit.

May 2016 election

Caption: Six-year capital projects local option tax.

Question: Shall Sample District impose \$20,830 each year for six years for capital projects beginning in 2016–2017? This measure may cause property taxes to increase more than three percent.

Summary: The taxes needed for six years total \$124,980, which will be imposed in equal amounts of \$20,830 each year. The taxes will be used to purchase office furniture and equipment for the district headquarters building. It is estimated that the proposed tax will result in a rate of \$0.01 per \$1,000 of assessed value in the first year. The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of the estimate and may reflect the impact of early payment discounts, compression and the collection rate.

One-year local option tax—rate [ORS 280.060(1)(b)]

Caption—10 words

- a. Purpose is to identify the type of tax.
- b. Do not put district name or dollar amounts in the caption.

Question—20 words

- a. Include the name of the taxing district. The word “district” may be substituted for the full name if the full name is included in the summary.
- b. State the tax rate per \$1,000 of assessed value.
- c. State whether the tax is for operating purposes or capital projects.
- d. State the fiscal year the tax will be imposed and the number of years the tax will be imposed.
- e. If this is a new local tax levy, include the following statement after the question: **“This measure may cause property taxes to increase more than three percent.”** If the measure is renewing a currently existing local option tax, include the following statement instead: **“This measure renews current local option taxes.”** This statement is not counted in the 20-word limit.

Summary—175 words

- a. This example is in November, so the double majority statement is not included.
- b. Explain the purpose in plain language. Do not advocate a yes or no answer.
- c. Give the amount of tax that is estimated to be raised in the fiscal year the tax is imposed.

November 2016 election

Caption: One-year local option tax for operations.

Question: Shall Sample City impose \$0.18 per \$1,000 of assessed value for one year for operations in 2016–2017? This measure may cause property taxes to increase more than three percent.

Summary: The tax revenue from this measure would allow Sample City to operate the city office six days a week, Monday through Saturday, from 10:00 a.m. until 7:00 p.m. The office is currently open Monday through Wednesday from noon until 5:00 p.m. and on Saturday from 10:00 a.m. until 3:00 p.m. The requested rate will raise approximately \$130,000 in fiscal year 2016–2017.

Multiple-year local option tax (renewal)—rate [ORS 280.060(1)(b)]

Caption—10 words

- a. Purpose is to identify the type of tax.
- b. Do not put district name or dollar amounts in the caption.

Question—20 words

- a. Include the name of the taxing district. The word “district” may be substituted for the full name if the full name is included in the summary.
- b. State the tax rate per \$1,000 of assessed value.
- c. State whether the tax is for operating purposes or capital projects.
- d. State the first fiscal year the tax will be imposed and the number of years the tax will be imposed.
- e. If this is a new local option tax, include the following statement after the question: **“This measure may cause property taxes to increase more than three percent.”** If the measure is renewing a currently existing local option tax, include the following statement instead: **“This measure renews current local option taxes.”** This statement is not counted in the 20-word limit.

Summary—175 words

- a. This example is not in May or November, so begin the summary with: **“This measure may be passed only at an election with at least 50 percent voter turnout.”** This statement is not counted in the 175-word limit.
- b. Explain the purpose in plain language. Do not advocate a yes or no answer.
- c. Give the amount of tax estimated to be raised in **each year** in which the tax will be imposed.

September 2015 election

Caption: Renewal of current five-year local option tax for general operations.

Question: Shall district impose \$0.37 per \$1,000 of assessed value for general operations for five years beginning 2016–2017? This measure renews current local option taxes.

Summary: This measure may be passed only at an election with at least 50 percent voter turnout. The Sample Soil and Water Conservation District will use the tax revenue from this measure to continue to operate the district at its present level of service. Without this additional revenue the district must eliminate one conservation agent position, two maintenance worker positions, and close the office on Saturdays. The proposed rate will raise approximately \$462,500 in 2016–2017, \$476,400 in 2017–2018, \$490,700 in 2018–2019, \$507,800 in 2019–2020, and \$526,100 in 2020–2021, for a total of \$2,463,500.

Permanent rate limit [ORS 280.070(6)]

Caption—10 words

- a. Purpose is to identify the type of tax.
- b. Do not put district name or dollar amounts in the caption.

Question—20 words

- a. Include the name of the taxing district. The word “district” can be substituted for the full name if the full name is included in the summary.
- b. State the tax rate per \$1,000 of assessed value.
- c. State the first fiscal year the tax will be imposed.

Summary—175 words

- a. If the election is not in May or November, begin the summary with: **“This measure may be passed only at an election with at least 50 percent voter turnout.”** This statement is not counted in the 175-word limit.
- b. Explain the purpose in plain language. Do not advocate a yes or no answer.

March 2016 election

Caption: Permanent tax rate limit

Question: Shall district be authorized to impose \$0.52 per \$1,000 of assessed value as a permanent rate limit beginning in 2016–2017?

Summary: This measure may be passed only at an election with at least 50 percent voter turnout. The Sample Soil and Water Conservation District has operated for 25 years on the revenue from grants and user fees. Many grant programs are no longer available. This measure would establish a permanent tax rate limit for the district. The revenue from the new permanent rate would be used to help operate the district and help avoid future increases in user fees. In the first year of imposition the proposed rate will raise approximately \$750,200.

Frequently asked questions

Q. Can we only ask voters for a permanent rate limit in May and November of even numbered years?

A. A new special district that is also asking for permission to form the district may ask for a permanent rate limit in any May or November election. Measures to form a city with permanent rate authority may only be on the ballot in a primary or general election (May or November of even years).

Voters of an existing district can approve a permanent rate limit at any of the four tax elections. But remember, only new districts or districts that have never imposed an ad valorem tax can ask for a permanent rate limit.

Q. Can a permanent rate be increased or decreased by voter approval?

A. No. It is permanent.

Q. Can we ask voters for more than one permanent rate limit?

A. No.

Q. We are asking the voters to approve the annexation of new territory. This will subject the property in the annexed area to our permanent rate. Does approval require a “double majority”?

A. No. Only those situations specifically mentioned in Section 11 of Article XI of the Oregon Constitution require a double majority. Annexations, mergers, and consolidations are not mentioned in this section.

Q. Must the ballot title include a statement indicating that the taxes are subject or not subject to the Measure 5 limits?

A. Ballot measures seeking approval of bonds that will be repaid with property taxes must state that the taxes are not subject to the limits of sections 11 and 11b of Article XI (ORS 250.037). Local option or permanent rate limit measures no longer need a statement indicating the Measure 5 category limit to which the taxes are subject.

Q. Can we combine a capital project local option with a local option for operations?

A. Yes, but the maximum period for such a levy is five years. Any capital project measure for more than five years must be presented to the voters separately.

Q. After we write our ballot title how can we make sure it is correct?

A. If your district has legal counsel, have your attorney review the language. You can also send your ballot language to one of the Finance, Taxation, and Exemptions analysts (see appendix A). They will review the language for compliance with statute and, if needed, make suggestions.

Q. How do we figure out what tax rate to ask voters for?

A. First, through the budget process, determine how much revenue is needed.

Next, divide the revenue amount by the county’s tax collection percentage. A three percent discount is granted when taxes are paid on time. Other people don’t pay at all. These factors increase the amount you must ask for. Call Finance, Taxation, and Exemptions for your county’s collection percentage.

Next, estimate the assessed value that would be used for rate computation. The county assessor may be able to provide some information for this estimate. Divide the amount of revenue you need, as increased by the collection percentage and an estimate of compression loss by the estimated value to compute the rate.

Q. How do we tell if our measure is for a new local option tax, or if it is renewing a current local option tax?

A. A renewing measure asks for the same tax rate or annual dollar amount as an existing local option tax that is currently being imposed, or a lesser rate or amount. A renewing tax is for substantially the same purpose as the current tax.

Q. How do we tell if Measure 5 limits will allow any local option taxes to be collected? What’s our “gap” rate?

A. Local option taxes are the first taxes to be reduced (“compressed”) to meet the Measure 5 limits. In extreme situations, the entire local option tax could be eliminated. It’s a good idea to do an estimate to see if you will realize any revenue from a local option tax.

The Measure 5 limits are expressed as dollars per \$1,000 of **real market value** (RMV) in each tax category. The general government category limit is \$10 per \$1,000 of RMV. The education category limit is \$5 per \$1,000 of RMV.

The taxes imposed by taxing districts are calculated using **taxable assessed value** (TAV). To estimate whether there is room within the limit for more tax,

or a “local option gap,” the Measure 5 RMV limit must be converted to its TAV equivalent and compared to the actual tax rates already being imposed.

Most county assessors can assist you in making this estimate. Depending on the software the county has, they may be able to give you a fairly accurate idea of the available gap rate. Or, if you already have a tax rate in mind, they may be able to tell you how much revenue that rate is likely to raise, after compression loss.

You can also make the estimate yourself. Ask the assessor for the RMV and TAV in each tax code area in your district, and also the total tax rate already being imposed in each code area for your Measure 5 category. Use the formula illustrated in the example below to convert the Measure 5 limit to a Measure

50 TAV equivalent. Then compare this Measure 50 equivalent limit to the existing Measure 50 taxes.

Do this for every code area in the district. The code area with the lowest gap rate determines the maximum gap rate that can be imposed without compression loss. If a higher local option rate is imposed, some revenue will be lost to compression. Recognize that this is an estimate, based on the average value in the code areas. Since Measure 5 limits are calculated for each property, actual revenues can vary from the estimate.

In this example, we determine that a district in the general government category could impose a local option tax of \$0.30 per \$1,000 (or less) without compression loss.

Example—Calculate Measure 5 limit “gap”

Real market value of district in tax code area 1	\$100,000
Taxable assessed value of district in tax code area 1	\$ 80,000

Existing tax rates already being imposed in general government category:

District	Existing rate
County	\$2.5600
City	4.8664
Park & Rec Dist.	0.8406
Health Dist.	3.9330
Total existing rate	\$12.2000

1. Calculate the Measure 5 limit: $\$10.00 \times (100,000 \text{ RMV} \div 1,000) = \$1,000$
2. Divide Measure 5 limit by TAV and multiply by 1,000 to convert it to a Measure 50 limit:
 $\$1,000 \div \$80,000 \text{ TAV} = 0.00125 \times 1,000 = 12.5000$
3. Subtract total existing general government category rate to get “gap”:

Measure 50 limit	\$12.5000
Existing Measure 50 gen. gov. rates	12.2000
Measure 50 “gap” in tax code area 1	\$0.3000

4. Repeat for every tax code area in the district. The lowest “gap” rate in all of the tax code areas is the rate that can be fully imposed (on average) without compression loss.

Appendix A—Contacts

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Department of Revenue mailing address:

Department of Revenue
Property Tax Division
PO Box 14380
Salem OR 97309-5075

Department of Revenue property tax division website:

www.oregon.gov/dor/programs/property

Finance, Taxation, and Exemptions analysts:

Message phone for FT&E 503-945-8293
FT&E email..... finance.taxation@oregon.gov

Secretary of State Elections Division website:

oregonvotes.gov

Oregon county websites:

bluebook.state.or.us/local/counties/counties.htm

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www.oregonlegislature.gov

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