

RESOLUTION NO. CCLXXXVIII (288)

A RESOLUTION ENDORSING THE DEFEAT OF BALLOT MEASURE NO. 6, COMMONLY REFERRED TO AS THE "1% PROPERTY TAX LIMITATION".

WHEREAS, Ballot Measure No. 6 is a constitutional amendment proposing a number of changes to the Oregon tax system that will appear on November's general election ballot; and

WHEREAS, if passed, the measure will affect assessed values and property tax collections and, consequently, services and financing for the City of Canby.

Now, therefore, it is hereby RESOLVED that the City Council of the City of Canby endorse the defeat of Ballot Measure No. 6 for the following reasons:

1) Taxes on real property would be limited to 1% of the true cash value as recorded on January 1, 1977. If levels were rolled back to January 1977, the City of Canby could reasonably expect the following: (based on the legislature allocating \$1.65 per \$1,000 actual value).

City of Canby 1979-80 Tax Base <u>140,902</u>	<u>True Cash Value</u>	<u>Total Levy</u>	(3) <u>Tax Rate</u>	<u>Operating Levy</u>	(2) <u>Operating Rate</u>
1979-80 Actual:	\$146.1 mill	\$565668	\$3.87	\$565668	\$3.87
BM 6 Simulation:	79.9 mill	131857	1.65	131857	1.65
Difference:	66.2 mill	-433811	-2.22	-433811	-2.22

It is impossible for the City of Canby to efficiently operate with a reduction in the operating level of 76.7%.

2) New construction after June 30, 1978, would be assessed at the value it had, or would have had as of January 1, 1977, plus a 2% maximum increase each year after 1981. Furthermore, assessors may be prohibited from changing assessed values on property that has been or will be rezoned after 1977. It would be extremely inequitable not to be able to tax property that developed or land that was rezoned after 1977 at the same rate as those properties which were developed or rezoned prior to 1977.

3) "Essential Services" means emergency services, including police, sheriff, fire, ambulance, and paramedic services. "Other services" means any service, budget, program, or other benefit not specifically an "essential service". If Ballot Measure No. 6 passes the City of Canby will not be permitted to reduce essential services below 1977-78 levels, until the total of all other budgets is

reduced two-thirds of its 1977-78 amount. In each subsequent year after 1981-82 the total of all other budgets must be reduced by an additional 2% over the previous year before essential service budgets can be cut below 1977-78 levels. If Ballot No. 6 passes all city services would be reviewed to see which would be terminated, provided at lower service levels, or put on a fee for service basis. The drastic reduction in the services available to the citizens of Canby would not be in the best interest of the City of Canby.

4) In order to increase the tax base or to secure voter approval of a general operating levy outside the 6% limitation, two-thirds of those voting, rather than a simple majority, must vote for the levy. The two-thirds requirement also applies to other nonproperty tax revenue measures in special assessments such as local improvement districts. For bonds which have not been sold prior to passage of Ballot Measure No. 6, then principal and interest repayments from property taxes must come from within the city's tax levy under the limitation. At the present time, voter approval to issue bonds also authorizes the city to levy taxes necessary to repay those bonds.

After passage, the question of issuing new bonds may be submitted to the voters, but voter approval could not authorize property taxes in excess of the 1% limit to repay bonded debt. Either principal and interest repayments would have to come from within the city's general tax levy or from some nonproperty tax revenue source.

There is serious doubt about whether cities could continue to sell general obligation bonds. Without this financing source, major capital improvements would be extremely difficult to achieve. In addition, the prohibition against a state property tax creates doubt about whether the state of Oregon could sell general obligation bonds that could support programs used by cities. If repayments of bond principal and interest are to come from nonproperty taxes or special assessment that special tax or assessment must be approved by a two-thirds vote.

There is no question that bonding capacity would be reduced, since it is expressed in statute as a percent of true cash value and true cash value would be drastically reduced by Ballot Measure No. 6.

BE IT FURTHER RESOLVED that the Council supports the defeat of Ballot Measure No. 6 to be submitted at the election to be held on Tuesday, November 4, 1980, and

urges all qualified electors to vote in said election.

ADOPTED by the Canby City Council at a regular meeting thereof on October 15, 1980.

Robt E Rapp
Robt. E. Rapp, Mayor

ATTEST:

Stephan A. Lashbrook
Stephan A. Lashbrook, City Recorder Pro Tem