

Declaration of Independence, Oregon has drafted the following citizen initiative, based on feedback from Oregon residents, that accomplishes the following:

1. Reduce the 3% cap on Assessed Value of Property to 2%,
2. Remove Public School Funding from property tax revenue and instead fund public schools with a 1/2% Property Tax Offset levy charged to Oregon residents and tourists on non-food products sold in Oregon, and
3. Impose a 1/4% non-food levy to cover the losses to county budgets from lowering the 3% cap to 2%.
4. These 1/2% and 1/4% levies must be reviewed and approved or adjusted downward by the voters every 5 years, and should only be used for county operating expenses and public school funding, never allowed to increase without extensive audits and proof of need, approved by the voters.
5. The first year after passage by voters, this measure is implemented in test mode.
6. The funds must be sufficient to replace that portion of property taxes that funds education in Oregon. If there are not sufficient funds, the act goes back to the drawing board for % revision and a special called vote of the voters to approve again, within 18 months of the start.
7. Those first year funds must be sent to every property owner in equal portions in a kicker, to offset public school funds that they paid in that first year's property tax bill.

OREGON PROPERTY TAX AND SCHOOL FUNDING REFORM ACT

Section 1: Assessed Value Growth Limitation

- Reduce annual Assessed Value growth cap from 3% to 2%
- Applies to all property types
- Maintains existing Changed Property Ratio (CPR) calculation methodology

Section 2: Public School Funding Transformation

- Implement a statewide 1/2 % property tax offset levy dedicated exclusively to public school funding funded from purchases by Oregon residents and tourists of non-food items
- After first year, if sufficient funds exist, begin revenue distribution to schools based on current per-pupil funding formulas
- These earmarked education funds can not be diverted for other governmental purposes.

Section 3: Compression Mitigation Property Tax Offset Levy

- Impose an additional 1/4 % levy on non-food purchases to offset local government revenue losses
- After first year, if sufficient funds are generated, proceeds distributed proportionally to affected taxing districts
- Sunset provision requiring audits and citizen participation in legislative review every 5 years after first year trial is completed, and re-approval by Oregon Voters every 5 years.

Fiscal Impact Considerations:

- Oregon sells approx. \$50 Billion per year in non food products
- Estimated annual revenue from .75% property tax offset levy: Approximately \$375 million
- Projected reduction in property tax compression
- Potential stabilization of local government budgets

Key Benefits:

- Slower property value growth
- Dedicated, stable school funding
- Reduced school and county reliance on property tax
- Increased tax system flexibility

This proposal requires further economic analysis and stakeholder input before formal legislative drafting.