

# TASK FORCE ON COMPREHENSIVE REVENUE RESTRUCTURING

DESCRIPTION OF TASK FORCE  
BRIEF FISCAL HISTORY  
WHERE ARE WE HEADED OVER THE LONG-  
TERM?  
MOVING TOWARD SOLUTIONS

# TASK FORCE CREATED BY HOUSE BILL 2530

- ◆ WHEREAS:
  - OREGON NEEDS STABLE, ADEQUATE REVENUE SYSTEM
  - LOCAL UNITS OF GOVERNMENT ARE EXPERIENCING DIMINISHED ABILITY TO PROVIDE SERVICES
- ◆ 30 MEMBER TASK FORCE ON "COMPREHENSIVE REVENUE RESTRUCTURING"
  - GOV APPOINTS CHAIR
  - 4 SENATORS & 4 REPS
  - GOV APPOINTMENTS REPRESENTING VARIOUS PERSPECTIVES
- ◆ 7 MEMBER ADVISORY BOARD APPOINTED BY CHAIR
- ◆ TASK FORCE WILL COMPLETE INITIAL STATE PLAN BY NOVEMBER 1, 2008

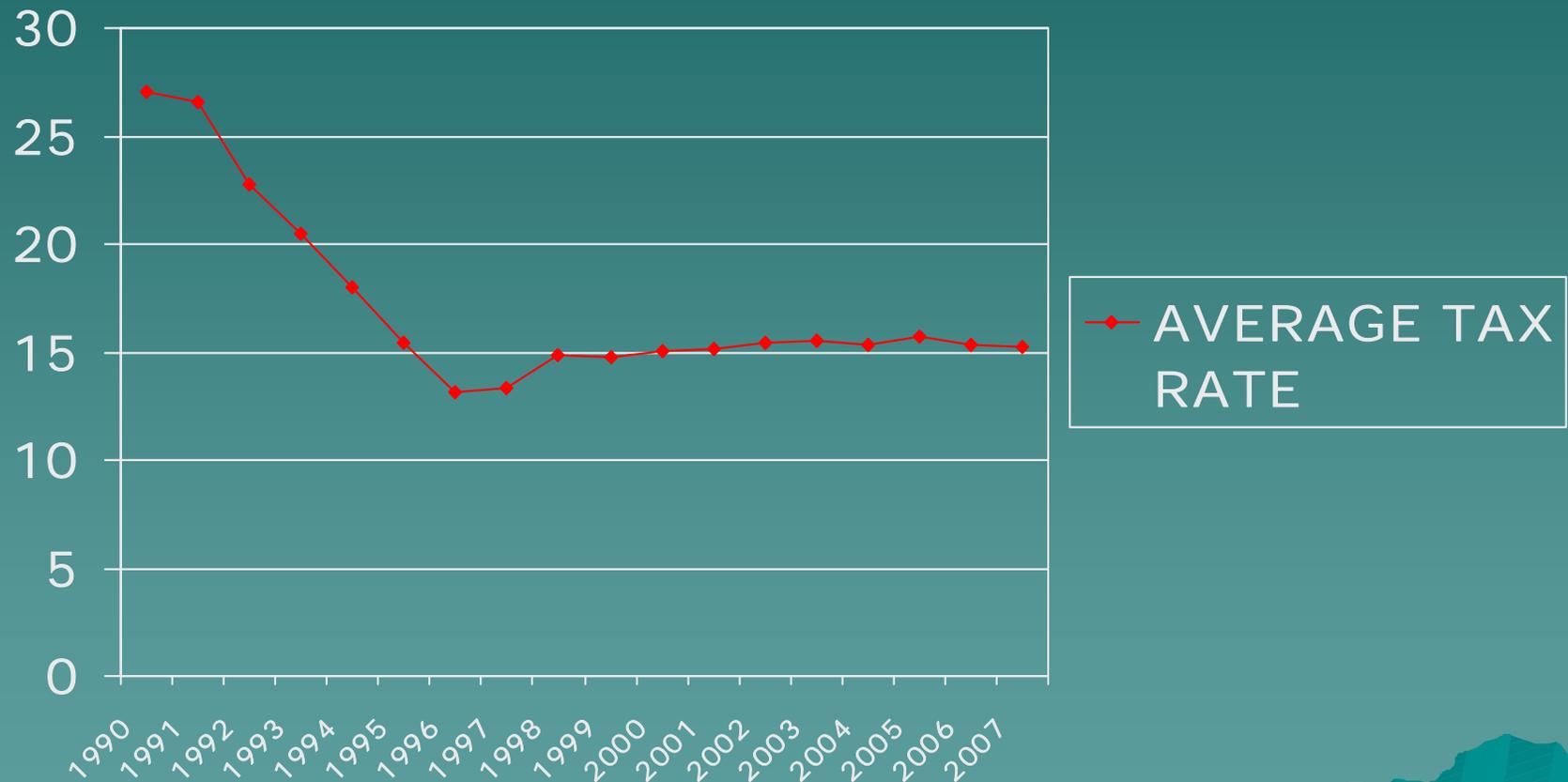
# HOW WE GOT HERE: OREGON'S RECENT REVENUE HISTORY

- ◆ INCOME VS PROPERTY TAXES
- ◆ SCHOOL FINANCE
- ◆ IMPACT OF INITIATIVES ON BUDGET
- ◆ VOLATILITY



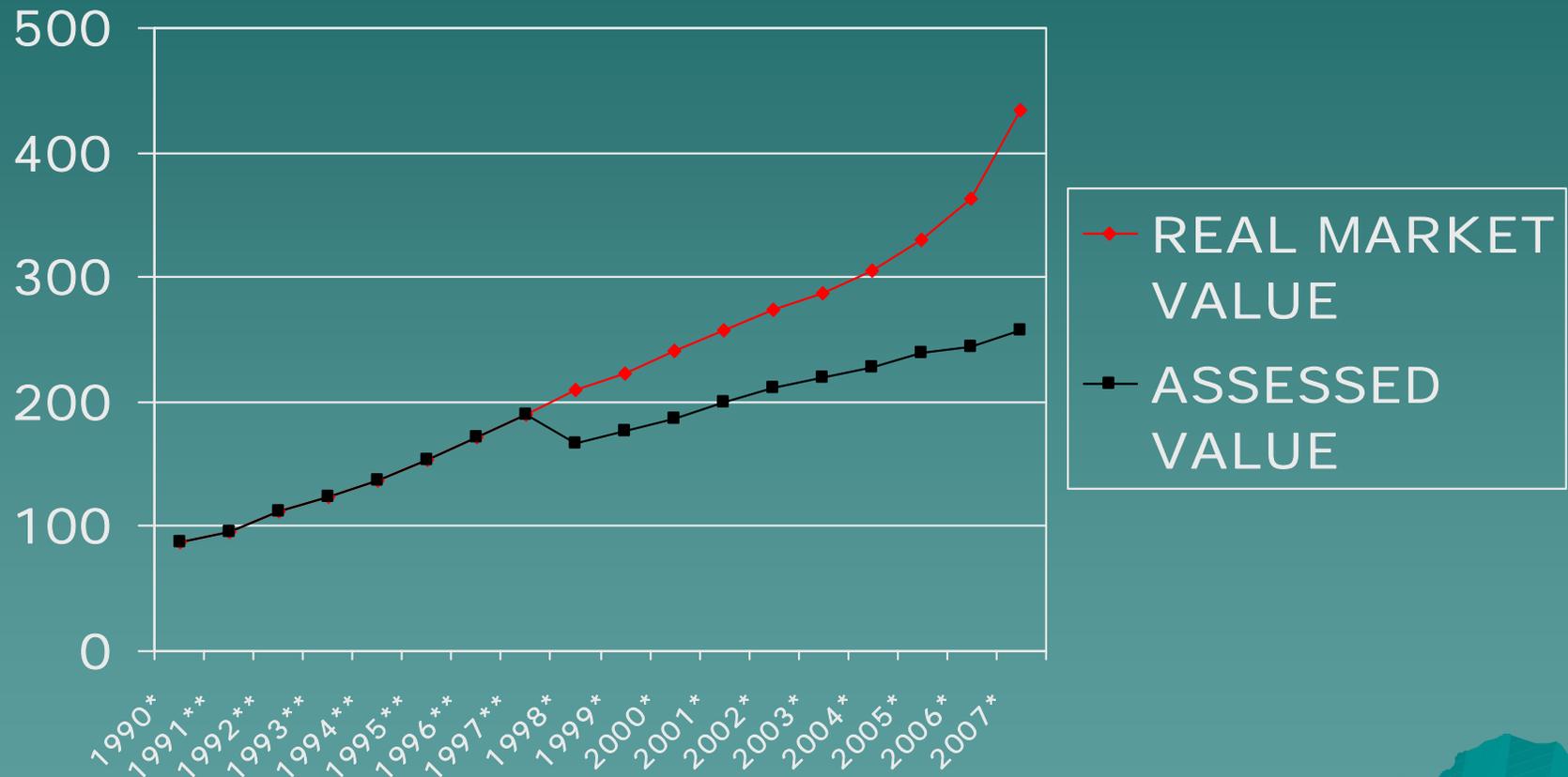
# MEASURE 5 REDUCED PROPERTY TAX RATES

(AVERAGE TAX RATE PER \$1,000 OF ASSESSED VALUE)



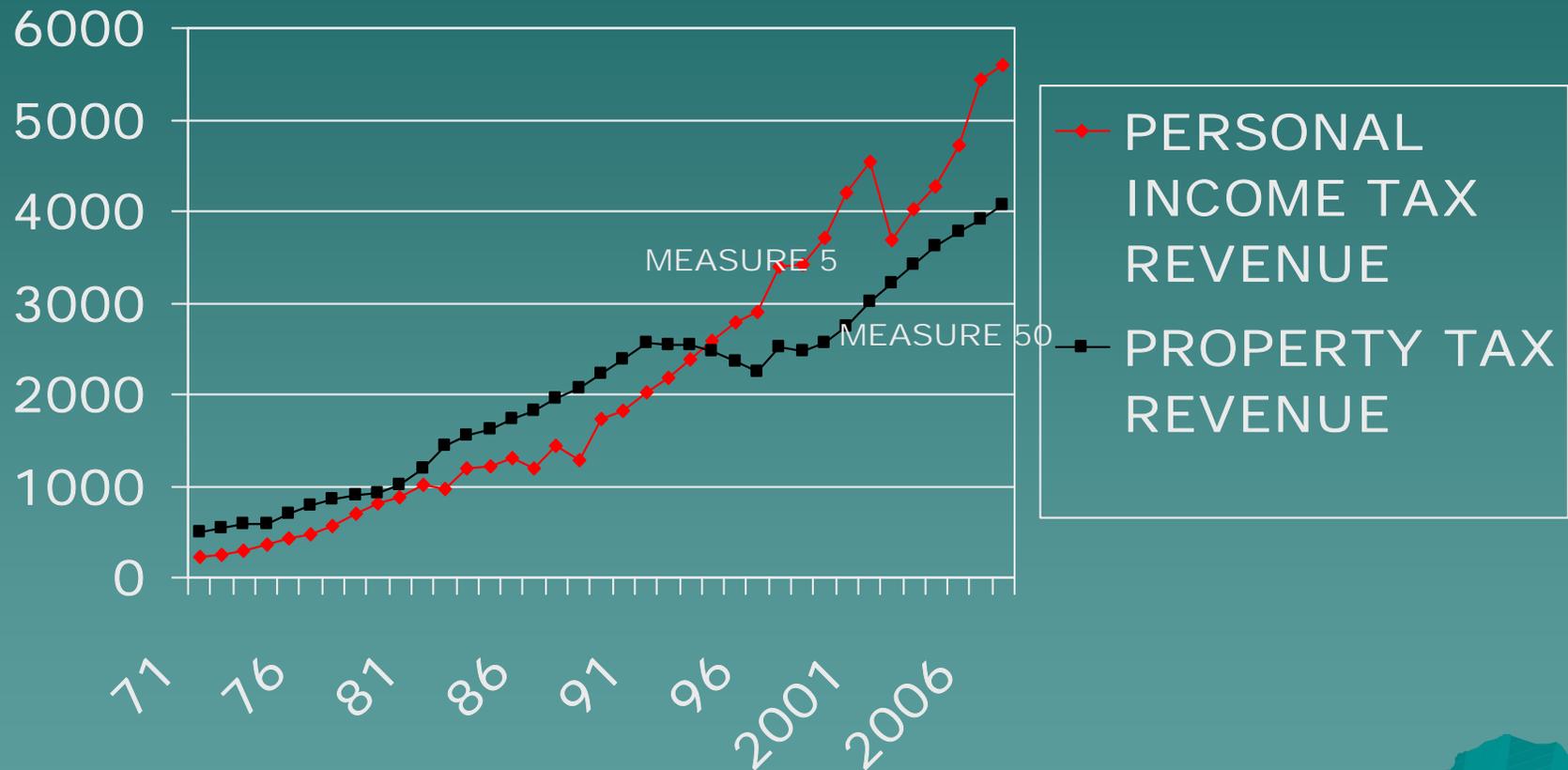
# MEASURE 50 SEPARATED ASSESSED VALUE FROM MARKET VALUE

(STATEWIDE PROPERTY VALUES IN BILLIONS OF \$)

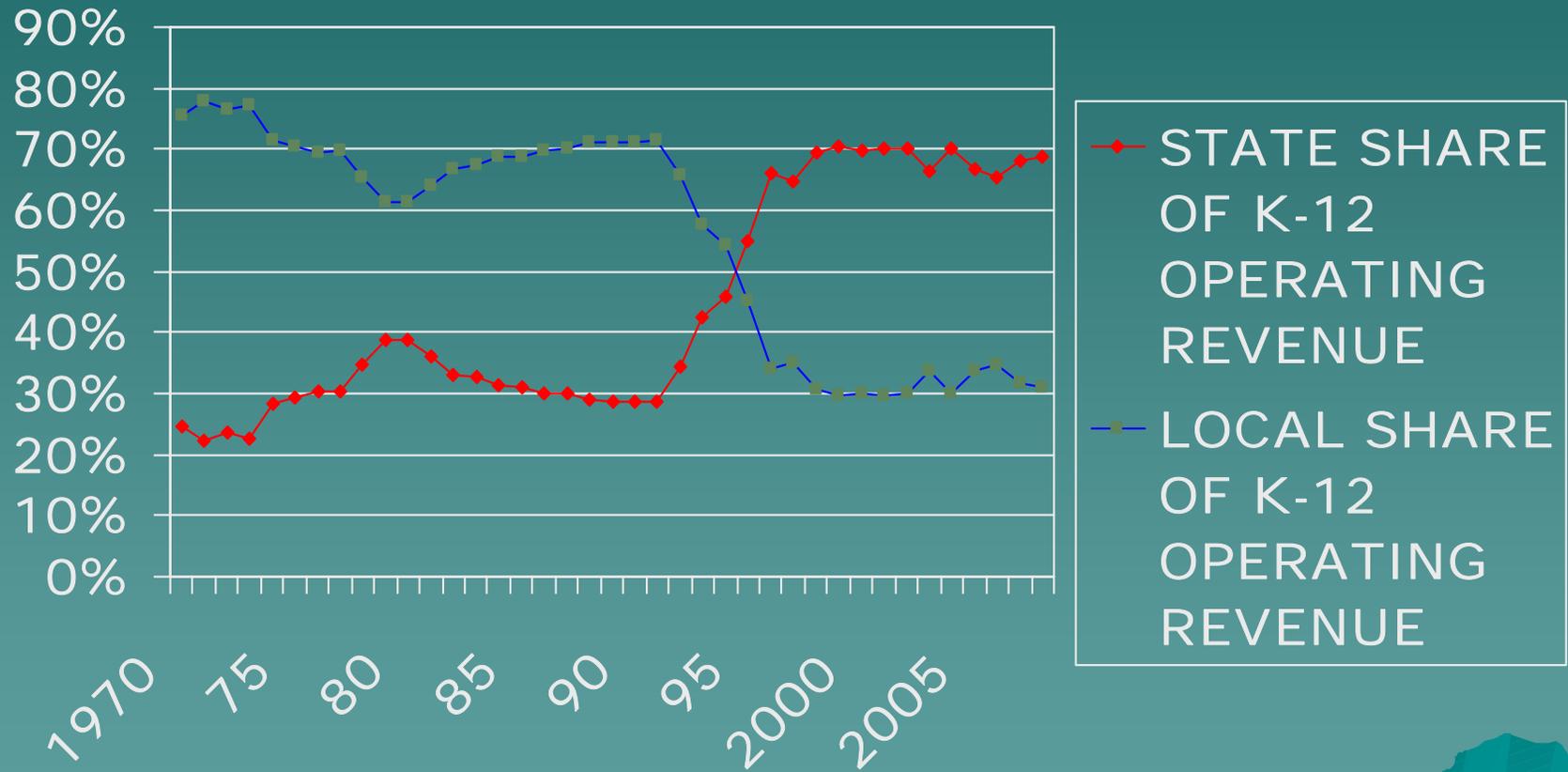


# HISTORY OF PERSONAL INCOME & PROPERTY TAX REVENUE

(MILLIONS OF \$)



# THE SHIFT IN SCHOOL FINANCE RESPONSIBILITY



# IMPACT OF VOTER INITIATIVES: SINCE 1990 – 50% OF NEW SPENDING HAS BEEN DETERMINED BY VOTERS

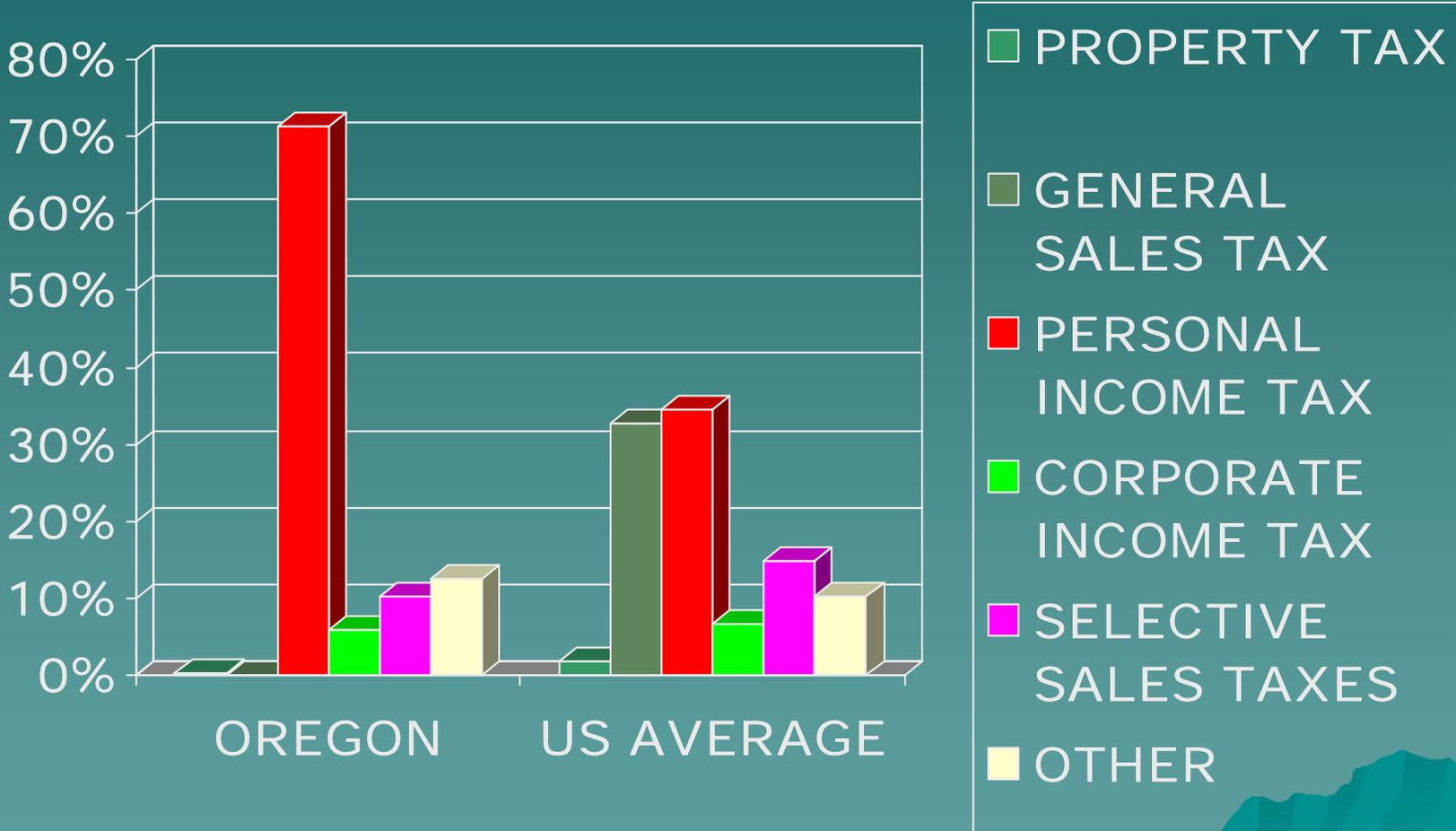
IN MILLIONS OF \$



TASK FORCE ON COMPREHENSIVE  
REVENUE RESTRUCTURING

# STATE TAXES BY SOURCE

(PERCENT OF STATE TAX COLLECTIONS IN FISCAL YEAR 2006)



# OREGON AMONG HARDEST HIT BY 2001 RECESSION

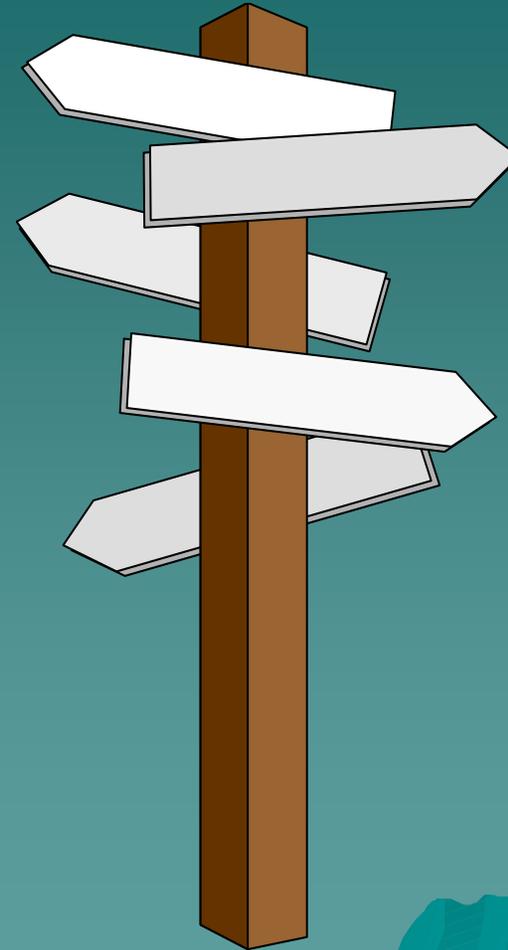
(FY2002 COMPARED TO FY2001)

	% CHANGE IN TAX REVENUE	RANK AMONG THE STATES
ALL STATES	-5.6	--
ALASKA	-28.1	50
OREGON	-20.3	49
CALIFORNIA	-17.6	48
MASS.	-14.6	47

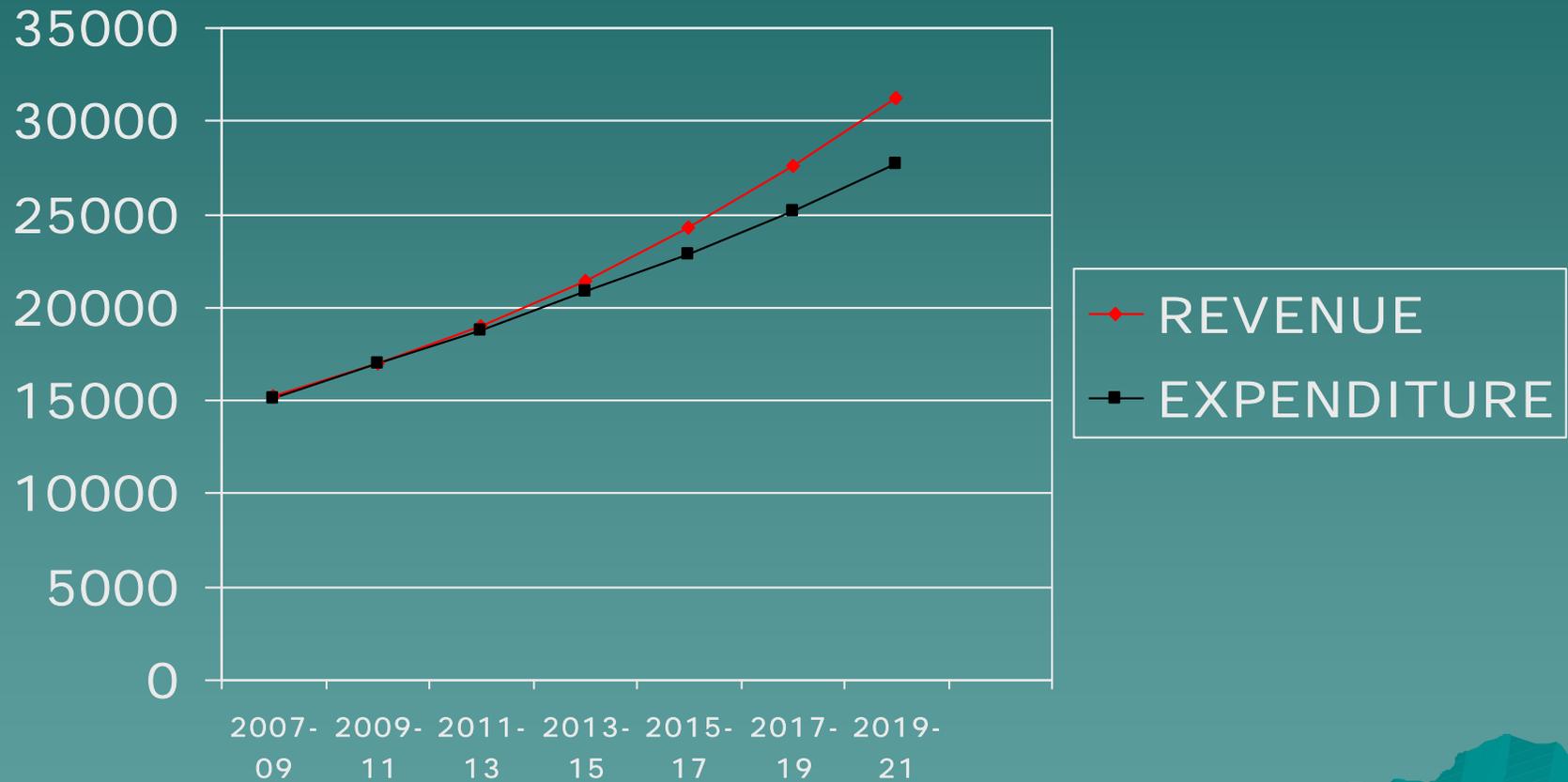
# WHERE ARE WE HEADED OVER THE LONG-TERM?

## ◆ ASSUME

- POLICY IS ON  
AUTOMATIC PILOT
- LONG-TERM FISCAL  
TRENDS MATCH  
PROJECTIONS

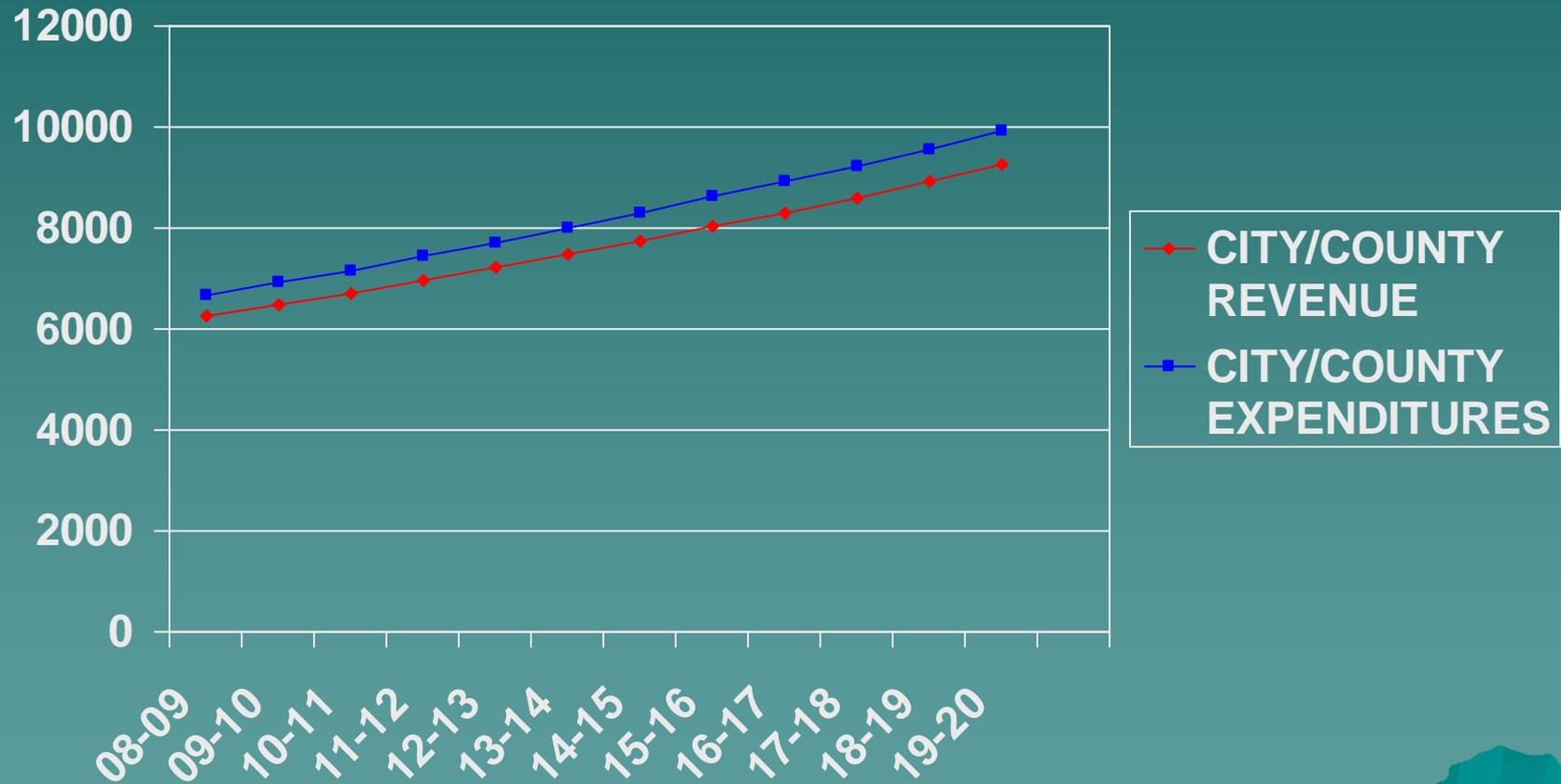


# LONG-TERM PROJECTION: STATE GENERAL FUND/LOTTERY BUDGET (IN MILLIONS OF \$)



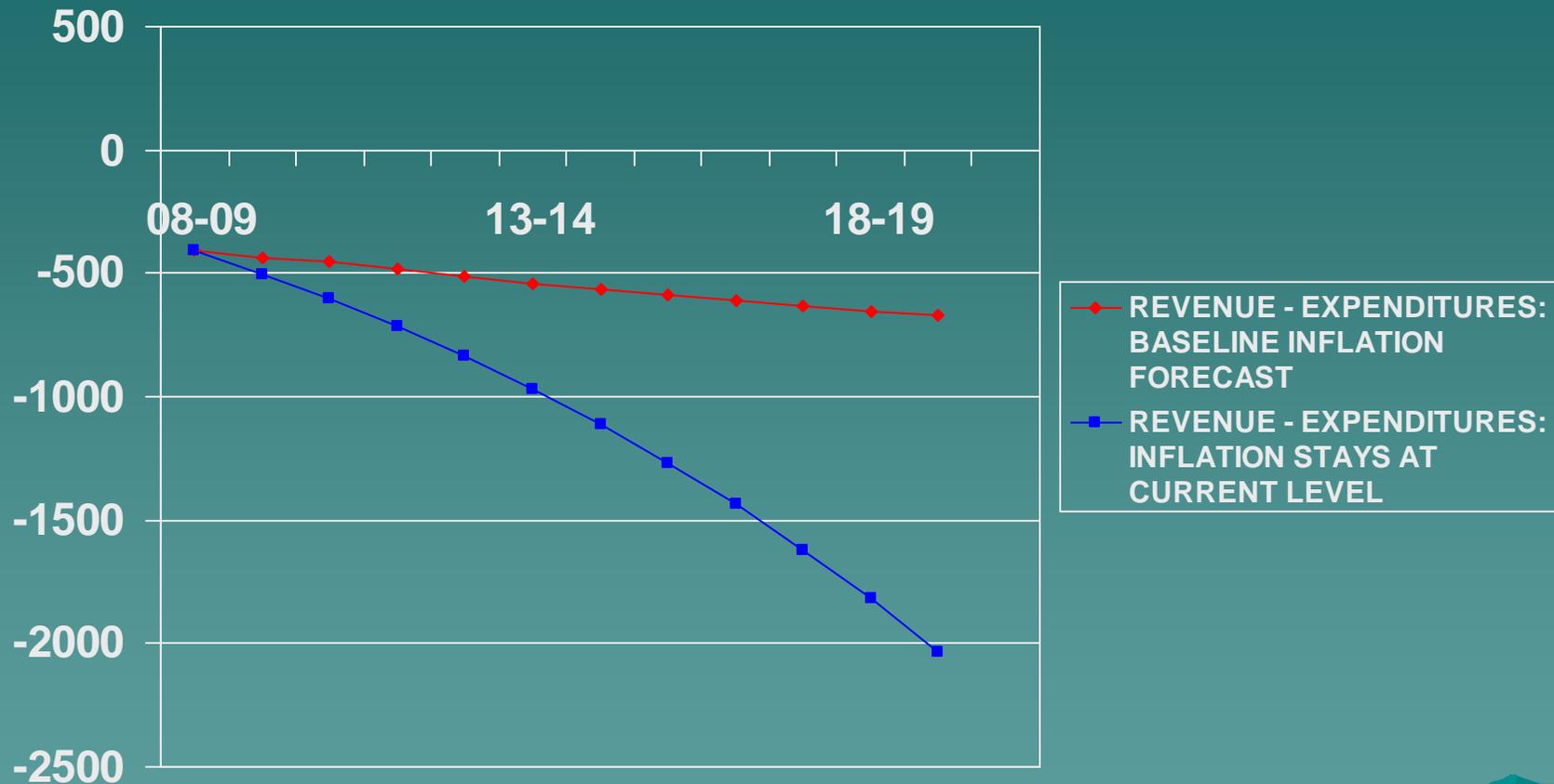
# LONG-TERM PROJECTION: CITY/COUNTY BUDGETS

(IN MILLIONS OF \$ BY FISCAL YEAR)

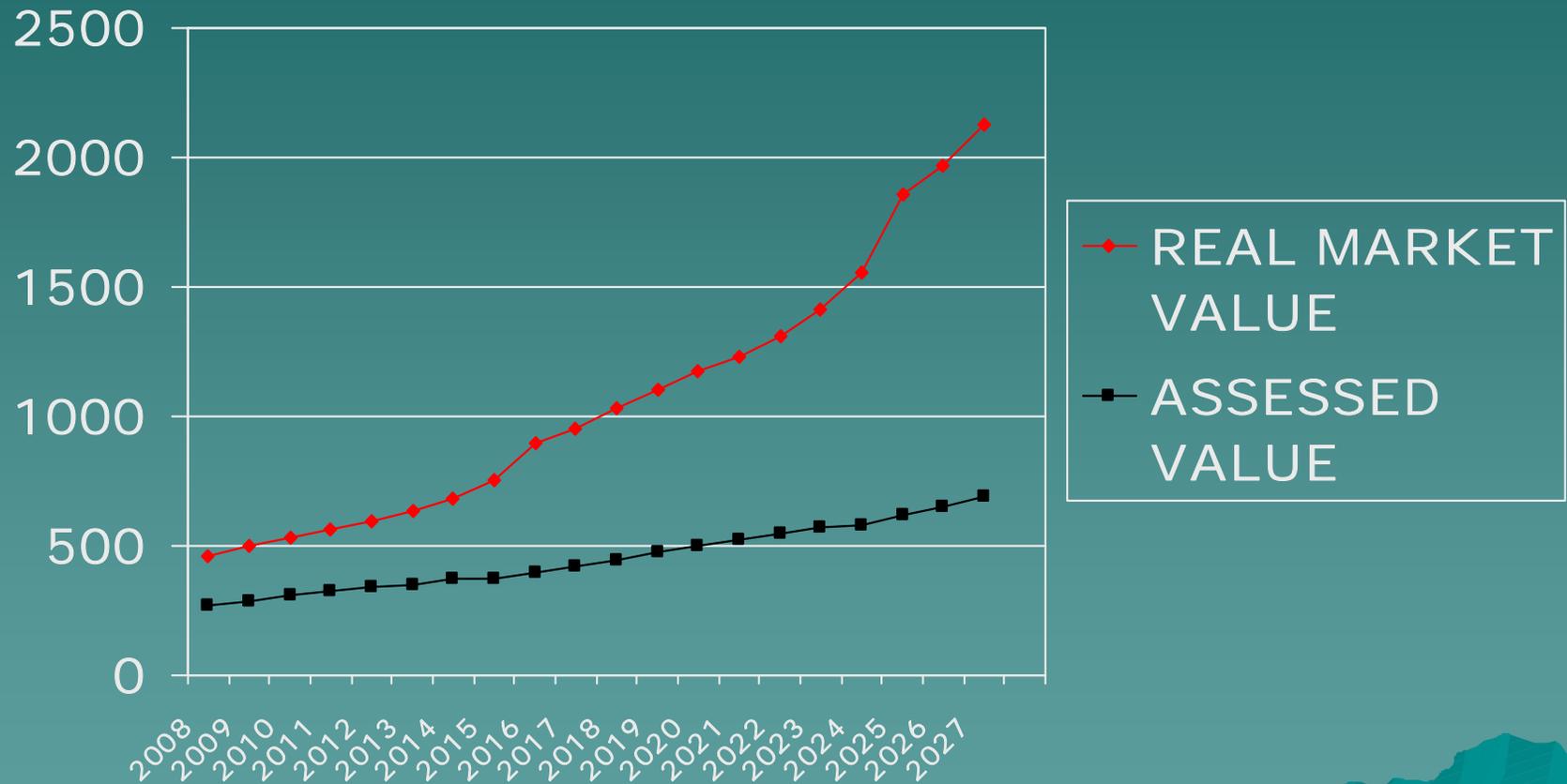


# PROJECTED GAP BETWEEN CITY/COUNTY REVENUE AND EXPENDITURES

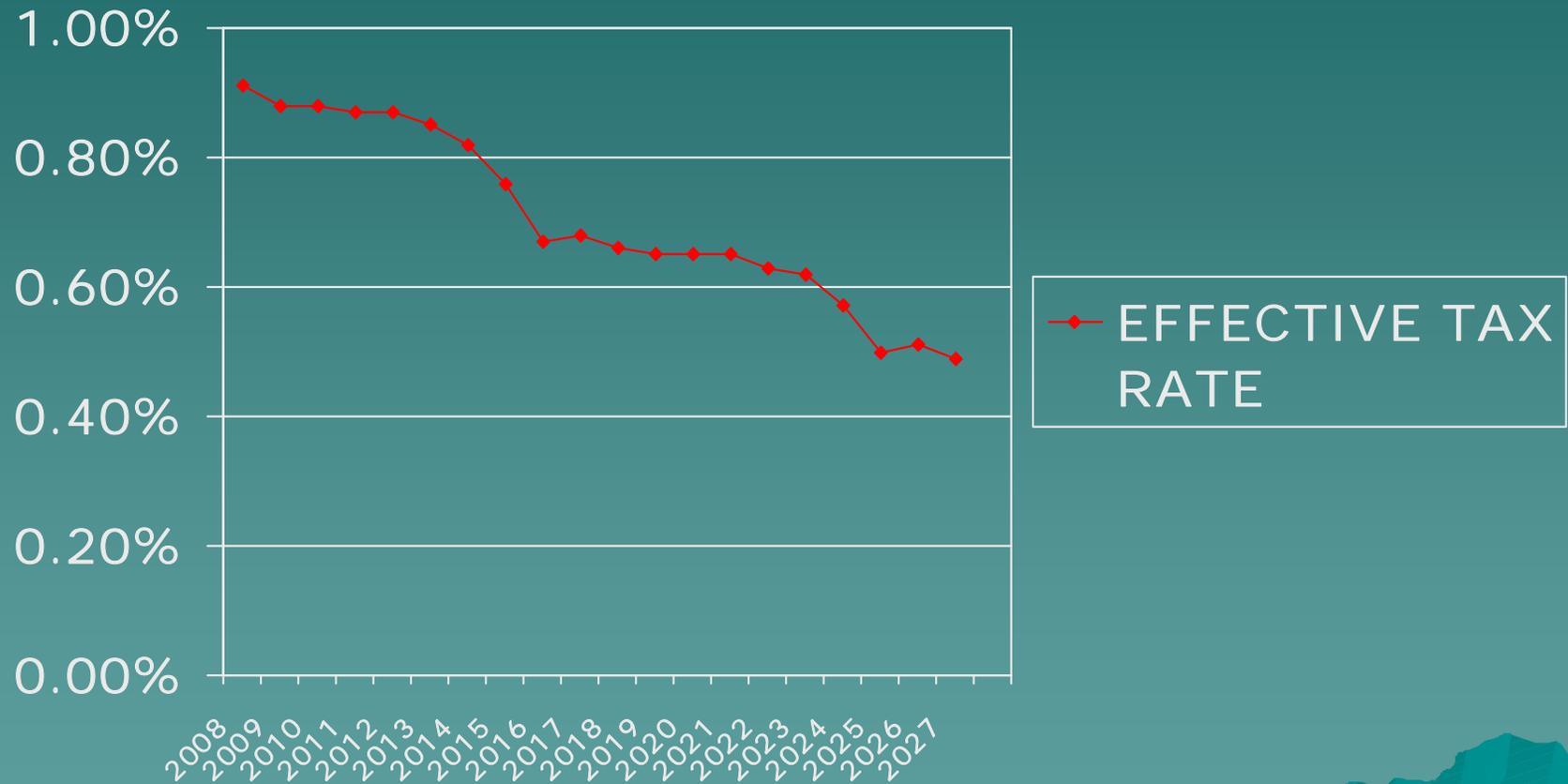
(IN MILLIONS OF \$ BY FISCAL YEAR)



# LONG-TERM PROJECTION: GROWING DISPARITY BETWEEN ASSESSED VALUE AND MARKET VALUE (STATEWIDE PROPERTY VALUES IN BILLIONS OF \$)



# LONG-TERM PROJECTION: FALLING EFFECTIVE TAX RATES (ESTIMATED TAX BILL/MARKET VALUE)



# CONCLUSIONS

- STATE REVENUE SYSTEM IS HIGHLY VOLATILE BECAUSE OF DEPENDENCE ON INCOME TAXES
- PERSONAL INCOME TAX POWERFUL REVENUE PRODUCER OVER THE LONG-TERM
- LOCAL REVENUE SYSTEM SEVERELY CONSTRAINED BY INITIATIVES
- LOCAL REVENUE UNLIKELY TO KEEP UP WITH COSTS OF PUBLIC SERVICES OVER THE LONG-TERM

# MOVING TOWARD SOLUTIONS

## ◆ SHORT-TERM OPTIONS

- STRENGTHEN STATE RESERVE FUNDS & BUDGETING PROCESS
- DEVELOP RESPONSE TO IMMEDIATE NEEDS SUCH AS EXPIRATION OF HEALTH CARE PROVIDER TAXES & TRANSPORTATION FUNDING
- BUILD BUDGET ACCOUNTABILITY INTO INITIATIVE PROCESS
- DEVELOP WAYS TO HELP FISCALLY STRESSED LOCAL GOVERNMENTS TO BALANCE THEIR BUDGETS

## ◆ LONG-TERM OPTIONS

- RE-EXAMINE MEASURE 50 IN LIGHT OF LONG-TERM TRENDS
- DEVELOP LONG-TERM RESPONSE TO STATE'S INFRASTRUCTURE NEEDS
- ESTABLISH FRAMEWORK FOR SYSTEMATICALLY EVALUATING MAJOR REVENUE PROPOSALS

# TASK FORCE PLANS

- ◆ DEVELOP SHORT-TERM & LONG-TERM OPTIONS
- ◆ INTERACT WITH OTHER TASK FORCES WORKING ON TRANSPORTATION, HEALTH CARE FUNDING AND COUNTY TIMBER PAYMENTS
- ◆ CONTINUE TO ENCOURAGE TASK FORCE MEMBERS TO SUBMIT IDEAS THROUGH "SUGGESTION BOX"
- ◆ BEGIN PREPARATION OF DRAFT REPORT
- ◆ SOLICIT PUBLIC RESPONSE TO DRAFT REPORT
- ◆ FINALIZE REPORT FOR 2009 LEGISLATURE

