

# Chapter 10—Tax elections

Three types of property tax measures may be submitted to the voters:

1. New local governments and ones that have never imposed a property tax before are allowed to seek voter approval for a permanent rate limit [Article XI, Section 11(3)(c)(A)].
2. A local government may request local option tax authority when the revenue needed to balance the budget is more than the government's existing taxing authority or if extra money is needed for a capital project.
3. Some types of local governments may ask their voters for approval to issue general obligation bonds. Approval of such a bond measure carries with it the authority to levy a property tax annually to pay the principal and interest on the bonds.

The tax election process is not tied directly to the budget process. However, the two processes are usually closely coordinated. Taxing authority may be voted on before the budget process begins (in November or March), during the budget process (in March or May), or after the end of the budget process (in September). In general, the budget committee must approve imposition of all tax levies during the budget 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.

**It's very important that the budget committee approve any proposed taxes as part of its approval of the budget. If a tax election is scheduled for March or May, the budget committee should include the revenue from any anticipated additional tax authority in its approved budget. Include the amount of additional tax being requested even if the election has not yet been held. If the tax request passes, no revision to the budget is needed before it is adopted. If the measure fails, the budget can be reduced, or another election scheduled. If the budget committee does not approve the new tax authority, then before the governing body can adopt a budget that includes it, the governing body must publish a revised budget summary that includes the new tax revenue and hold a second budget hearing on that budget.**

## September election

New taxes proposed in September elections are an exception to the general rule that the budget committee must approve all tax levies. Even if a tax measure is being proposed the following September, the governing body must still adopt and appropriate the budget before June 30. This gives the local government authority to make expenditures beginning July 1. When a local government's taxing authority has not been finally determined by June 30 because of a tax election scheduled September, the governing body has a choice. The governing body can ask the budget committee to approve the proposed levy, and may adopt and appropriate a budget that includes those revenues, anticipating approval of the tax ballot measure. Alternatively, the governing body may adopt a budget that does not include the tax being requested in September. Either way, the governing body may not resolve to impose or categorize taxes until after the election.

Funds from the new levy may be lawfully expended only if appropriated. If the funds from the levy are included in the budget approved by the budget committee and adopted before June 30 and then the September measure passes, no additional budget process is necessary.

If the revenue is not included in the adopted budget and the measure passes, the governing body must adopt a supplemental budget after the election to add that revenue to the budget and resolve to appropriate it (ORS 294.476, renumbered from 294.437).

If funds from the levy are included in the budget approved by the budget committee and then the measure fails, the governing body may adopt supplemental budget to reduce the budget requirements to balance with the existing revenues [ORS 294.471(1)(h), renumbered from 294.480].