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Local Option Levy 101

Gresham Barlow School District

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Local Option Background

- Local option levies present an alternative for raising additional operating funds from property taxes
- Created under Measure 50 in 1997
- Available for operations (5 year limit), or capital (10 years or useful life of project, whichever is less)
- Can be levied as fixed dollar amount or rate per thousand
- Subject to majority voter approval at May or November elections or other regular elections with 50% voter turnout

Local Option: What Can You Use it For?

Operations:	Capital:
• May be used for any legally allowable operating expenses of an Oregon municipality	• May be used for broad list of capital items, as long as life of levy matched to life of items financed • Given subject to same voter test as GO bonds and revenue stream is more unpredictable, jurisdictions tend to use GOs instead

Property Tax History

Measure 5 (1990)

- Capped property taxes at $15/$1,000 of **RMV** of property:
  - $5 for education (SDs, ESDs and CCs)
  - $10 for general government (all others)

Measure 50 (1997)

- Created lower **AV** on which property taxes are calculated. Capped AV growth at 3% a year
- Assigned permanent operating rates to all jurisdictions
- **Created local option levies**. Levied in addition to permanent rates, but still subject to M5 limits. Require voter approval

Local Option Limits for Schools

Constitutional and statutory limits apply to SD local option levies

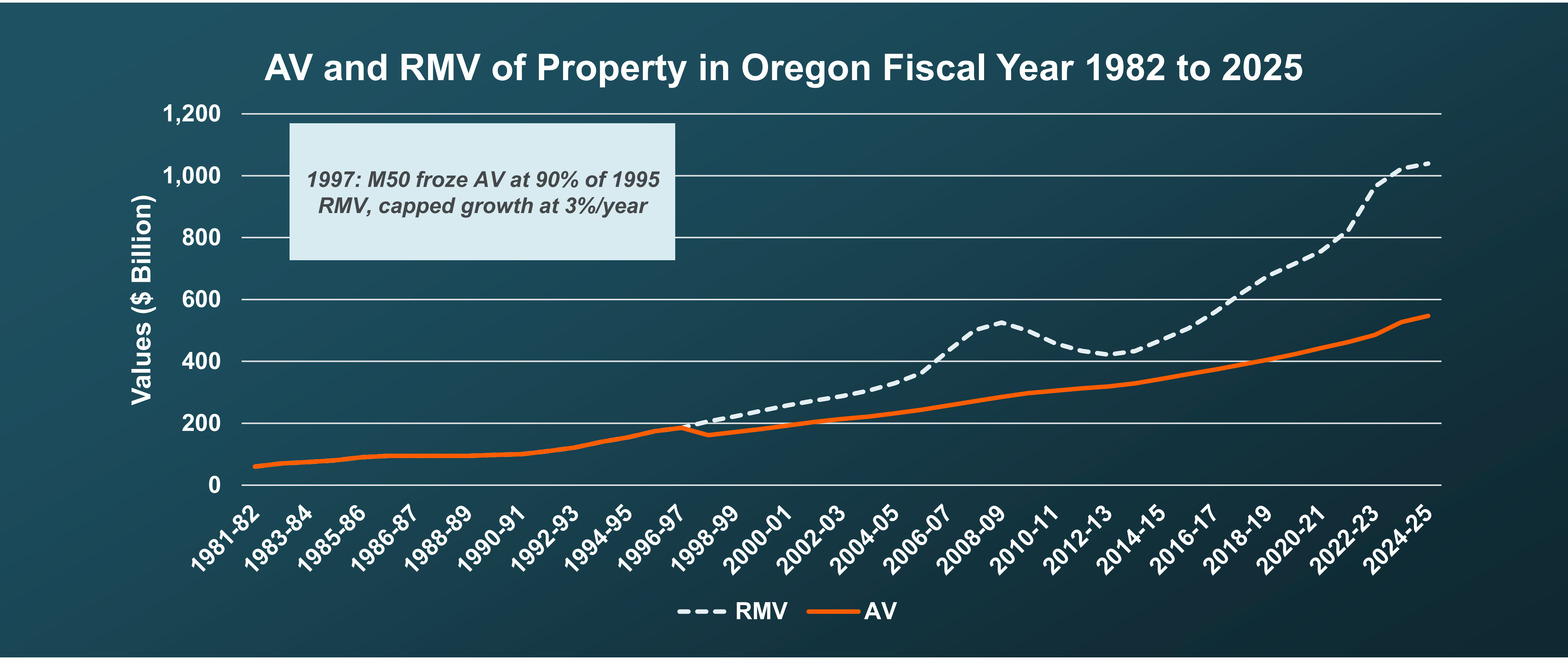
- Constitutional (Measure 5):
  - M5 limit of $5/$1,000 real market value for education
- Statutory (revised 2019):
  - $2,000 per ADMw in FY19 (increases at 3%/year)
  - 25% of State resources (total formula revenue)

Equalization Grants

- Equalization grants are provided by the State for low property value districts
- Legislature must appropriate funds biennially for equalization grants
- Eligibility is based on property values per student.
- Gresham Barlow SD was eligible for a 45% match in 2025.

Mind the Gap!

- Every property has "gap" between RMV and AV
- If property's RMV increases faster than 3% AV limit, gap grows
- Local Option Levies 'tax the gap'

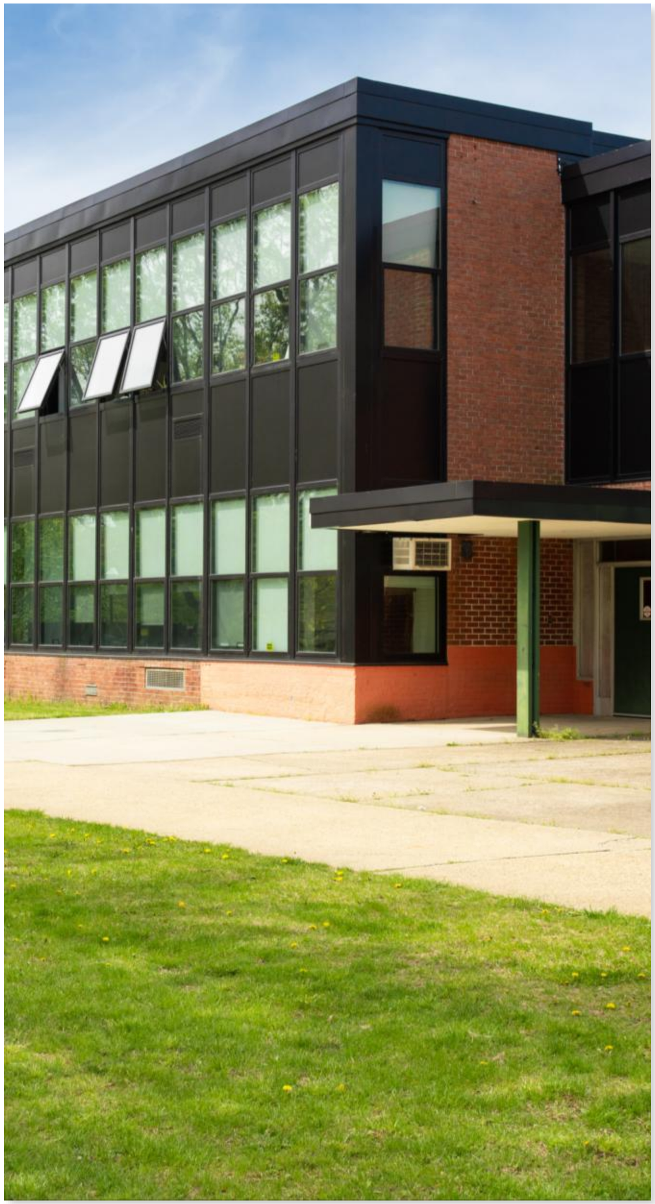


Different Property Types Can Have Very Different Gaps

- Gap on residential property is often wider than other types
- In some cases commercial and industrial property depreciate, causing RMV to decline. AV can never be greater than RMV

House		Commercial Property	
Real Market Value:	$500,000	Real Market Value:	$30,000,000
Assessed Value:	$280,000	Assessed Value:	$23,820,000
AV as a % of RMV:	56%	AV as a % of RMV:	79.4%

Calculating Local Option Revenue



Total Local Option Capacity:

- Sum of all gaps in jurisdiction is total local option capacity
- Some properties may already be at M5 limit, others may be well below
- Many properties are likely within the Measure 5 limit and will be subject to this tax, however the only way to estimate amount raised is on property by property basis
- Only those jurisdictions with consolidated tax rates significantly below M5 limits have consistent collections
- There are, however, some ways to estimate levy collections.

Fiscal Year	2021	2022	2023	2024	2025	2026
			Gresham-Barlow School District			
Extended ADMw	13,945	13,698	13,827	13,720	13,275	13,988
SSF Revenues*	$ 127,050,653	$ 128,889,555	$ 134,329,816	$ 142,402,885	$ 149,541,941	$ 161,934,572
Permanent Tax Rates						
School District	$ 4.5268	$ 4.5268	$ 4.5268	$ 4.5268	$ 4.5268	$ 4.5268
Community College	0.4917	0.4917	0.4917	0.4917	0.4917	0.4917
Education Service District	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576
Total Education Rate	$ 5.4761	$ 5.4761	$ 5.4761	$ 5.4761	$ 5.4761	$ 5.4761
Education Measure 5 Compression						
School District (actual)	$ 250,263	$ 236,578	$ 239,508	$ 236,501	$ 312,436	$ 276,250
Community College (est.)	27,183	25,697	26,015	25,689	33,937	30,006
Education Service District (est.)	25,298	23,915	24,211	23,907	31,583	27,925
Total Education Compression (est.)	$ 302,744	$ 286,189	$ 289,734	$ 286,097	$ 377,956	$ 334,181
District Total Property Values						
M5 Real Market Value	$ 11,564,986,088	$ 12,509,782,228	$ 14,300,976,340	$ 14,767,644,993	$ 15,168,036,154	$ 15,649,208,007
Total Assessed Value	7,160,509,454	7,381,125,955	7,755,493,451	8,008,866,596	8,495,551,337	8,694,224,248
AV as % of RMV	62%	59%	54%	54%	56%	56%
Assessed Value per ADMw	$ 513,497	$ 538,834	$ 560,908	$ 583,749	$ 639,985	$ 621,533
Education Taxes in the District						
Education taxes before Compression	$ 39,211,666	$ 40,419,784	$ 42,469,858	$ 43,857,354	$ 46,522,489	$ 47,610,441
Less M5 Compression Loss	(302,744)	(286,189)	(289,734)	(286,097)	(377,956)	(334,181)
Education taxes collected	38,908,922	40,133,594	42,180,123	43,571,257	46,144,533	47,276,260
Education taxes at $5/$1,000 RMV	57,824,930	62,548,911	71,504,882	73,838,225	75,840,181	78,246,040
Measure 5 Gap Capacity	$ 18,916,009	$ 22,415,317	$ 29,324,758	$ 30,266,968	$ 29,695,648	$ 30,969,780
Local Option Levy Limits						
M5 Gap Capacity	**$ 18,916,009**	**$ 22,415,317**	**$ 29,324,758**	**$ 30,266,968**	**$ 29,695,648**	**$ 30,969,780**
Per Student Limit (beginning in FY19, $2,000/ADMw + $3% annually)	29,587,652	29,937,092	31,124,078	31,809,785	31,701,133	34,407,837
25% of SSF Limit (beginning in FY19, Previously, 20%)	31,762,663	32,222,389	33,582,454	35,600,721	37,385,485	40,483,643
Limit	**M5 Limit**	**M5 Limit**	**M5 Limit**	**M5 Limit**	**M5 Limit**	**M5 Limit**
Eligible for Equalization Grant	39%	41%	46%	44%	45%	N/A

* Limit includes general purpose, transportation, facility and high cost disability grants. Facility and high cost disability grant info not usually available until May and therefore may not be included in amount listed

2026 Local Option Capacity Test for Gresham Barlow School District

Extended ADMw
13,9889
SSF Revenues
$161,934,572

Permanent Rates
SD: $4.5268
CC: $0.4917
ESD: $0.4576
Total: $5.4761

Current Compression Loss
SD: $276,250
CC: $30,006
ESD: $27,925
Total: $334,181

Total Property Values	
M5 RMV:	$ 15,649,208,007
Total AV:	**$ 8,694,224,248**
AV as % of RMV: **56%**	

Education Taxes in the District	
Total Gross	$47,610,441
Less Comp.	($334,181)
Net Total	$47,276,260
M5 Limit	$78,246,040
Net M5 Capacity	**$30,969,780**

Theoretical Maximum Levies [1]	
$0.50/$1000	**$ 4,347,112**
$1.00/$1000	**$ 8,694,224**
$1.50/$1000	**$ 13,041,336**

Local Option Levy Limits
The lesser of three limits applies.
Constitutional Limit
1) Measure 5 Limit
$30,969,780
Statutory Limits
2) Per Student Limit [2]
$34,407,837
3) 25% of SSF Limit
$40,483,643

Applicable Limit
Measure 5 Capacity
or $30,969,780
GBSD is eligible for L.O. equalization grant of ~45%

1) Actual collections could be significantly lower than theoretical maximums due to compression losses.
2) Per Student Limit was set at $2,000 per ADMw in FY2019 and is increased annually by 3%. Currently $2,459.75 per ADMw.

How Assessed Value Impacts Taxation: Uncompressed Residential

House

Real Market Value:	$500,000
Assessed Value:	$280,000
AV as a % of RMV:	56%

Rate/$1000 AV	Taxes Imposed
SD: $4.5268	$1,267.50
CC: $0.4917	$137.68
ESD: $0.4576	$128.13
Total: $5.4761	**$1,533.31**
Add $1.00 LOL	$280.00
New Total	**$1,813.31**
M5 Capacity	$2,500.00
Compression	$0

How Assessed Value Impacts Taxation: Compressed Residential

House

Real Market Value: **$500,000**
Assessed Value: **$400,000**
AV as a % of RMV: **80%**

Rate/$1000 AV	Taxes Imposed
SD: $4.5268	$1,810.72
CC: $0.4917	$196.68
ESD: $0.4576	$183.04
Total: $5.4761	**$2,190.44**
Add $1.00 LOL	$400.00
New Total	**$2,590.44**
M5 Capacity	$2,500.00
Compression	**($90.44)**
Effective Local Option Levy: Collection & Rate	$309.56 $0.7739/$1000

How Assessed Value Impacts Taxation: High Value Commercial

Rate/$1000 AV	Taxes Imposed
SD: $4.5268	$17,537.23
CC: $0.4917	$1,904.89
ESD: $0.4576	$1,772.78
Total: $5.4761	**$21,214.90**
Add $1.00 LOL	$3,874.09
New Total	**$25,088.99**
M5 Capacity	$20,552.00
Compression	**($4,537.34)**
Effective Local Option Levy: Collection & Rate	$0 $0.00/$1000
Permanent Rate Compression	($663.25)

Large Commercial Property

Real Market Value:	**$4,110,330**
Assessed Value:	**$3,874,090**
AV as a % of RMV:	**94%**

How Assessed Value Impacts Taxation: High Value Commercial

Rate/$1000 AV	Taxes Imposed
SD: $4.5268	$34,636.22
CC: $0.4917	$3,762.18
ESD: $0.4576	$3,501.27
Total: $5.4761	**$41,899.67**
Add $1.00 LOL	$7,651.31
New Total	**$49,551.04**
M5 Capacity	$66,215.00
Compression	**($0)**
Effective Local Option Levy: Collection & Rate	Full Amount *$16,663 capacity*
Permanent Rate Compression	($0)

Large Commercial Property

Real Market Value:	**$13,242,900**
Assessed Value:	**$7,651,370**
AV as a % of RMV:	**58%**

How Assessed Value Impacts Taxation: Other Commercial/Senior Home

Rate/$1000 AV	Taxes Imposed
SD: $4.5268	$40,955.18
CC: $0.4917	$4,448.54
ESD: $0.4576	$4,140.03
Total: $5.4761	**$49,543.76**
Add $1.00 LOL	$9,047.27
New Total	**$58,591.03**
M5 Capacity	$59,587.00
Compression	**($0)**
Effective Local Option Levy: Collection & Rate	Full Amount *$996.22 capacity*
Permanent Rate Compression	($0)

Other Commercial Property/Senior Home

Real Market Value:	**$11,917,450**
Assessed Value:	**$9,047,270**
AV as a % of RMV:	**76%**

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Net M5 Capacity	**$30,969,780**

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School Districts with Local Option Levies

20 school districts had local option levies in place in FY 2026:

District	Local Option Rate	Taxes Imposed	Compression Loss	% Loss	Actual Tax Raised
Portland SD 1J	$ 1.99	$ 147,557,207	$ (37,805,217)	-26%	$ 109,751,990
Lake Oswego SD 7J	1.64	18,445,335	(966,767)	-5%	17,478,568
North Clackamas SD 12	1.63	31,518,467	(4,855,229)	-15%	26,663,237
Corvallis SD 509J	1.50	12,863,164	(1,656,241)	-13%	11,206,923
Crow-Applegate-Lorane SD 66	1.50	510,100	(77,116)	-15%	432,984
Eugene SD 4J	1.50	31,008,793	(3,294,065)	-11%	27,714,728
Philomath SD 17J	1.50	1,689,995	(147,038)	-9%	1,542,957
Sherwood SD 88J	1.50	8,133,463	(1,112,803)	-14%	7,020,660
West Linn-Wilsonville SD 3J	1.50	16,660,617	(2,272,573)	-14%	14,388,044
Riverdale SD 51J	1.37	1,163,739	(40,110)	-3%	1,123,630
Ashland SD 5	1.29	5,641,826	(617,367)	-11%	5,024,459
Beaverton SD 48J	1.25	51,526,620	(7,088,604)	-14%	44,438,015
Falls City SD 57	1.25	148,875	(5,655)	-4%	143,221
Hood River County SD	1.25	4,520,874	(737,646)	-16%	3,783,228
Tigard-Tualatin SD 23J	1.00	15,205,135	(2,377,004)	-16%	12,828,131
Sisters SD 6	0.75	2,184,697	(25,341)	-1%	2,159,357
Siuslaw SD 97J	0.75	1,917,936	(48,999)	-3%	1,868,937
Neah-Kah-Nie SD 56	0.75	2,117,793	(93,048)	-4%	2,024,745
Seaside SD 10	0.52	2,426,572	(122,133)	-5%	2,304,439
Sweet Home SD 55	0.30	399,527	(38,245)	-10%	361,282

Summary

- Local option levies are main source of additional property tax funding
- Every property is affected differently: some may pay the entire amount, and some may pay nothing
- Because AV, RMV and tax levies vary every year, the amount collected will also vary

Bottom line:
local option levies are unpredictable, difficult to explain and inequitable.
But they may be your only choice for meaningful additional revenue

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