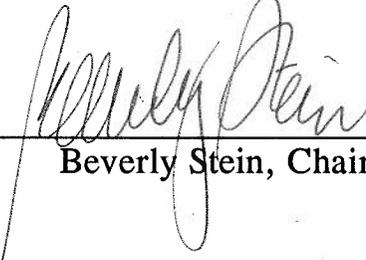


4. If this Ordinance is approved by a majority of voters at the March 10, 1998 election, it shall go into effect at 12:01 a.m. on the 30th day after certification of the elections results by the Director of the Multnomah County Division of Elections. If the voters reject this ordinance, the existing provisions of MCC 5.60 remain in effect.

Adopted this 2nd day of December, 1997.



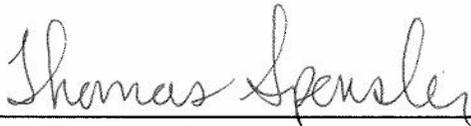
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY OREGON



Beverly Stein, Chair

REVIEWED:

THOMAS SPONSLER, COUNTY COUNSEL
FOR MULTNOMAH COUNTY, OREGON



Thomas Sponsler

schoolmeasureresolution.doc

EXHIBIT A

BALLOT TITLE

CAPTION:

MEASURE 26-68

Temporary Surcharge on Business Income Tax, Dedicate Revenue to Schools

QUESTION: Shall Multnomah County increase current Business Income Tax by .5% to provide approximately \$12 million to County public schools?

SUMMARY: This measure will increase the existing Multnomah County Business Income Tax (BIT) from 1.45% to 1.95% for one year. Businesses that currently pay less than \$100 in BIT (approximately 65% of Multnomah County businesses) will be exempt from the temporary educational surcharge.

All revenues raised by this increase (an estimated \$11.9 to \$12.6 million) will be dedicated to public school districts within Multnomah County. Receipts from the Temporary Educational Surcharge shall be directed toward maintaining or reducing class sizes in Fiscal Year 1998-99.

Ongoing changes to how public education is funded in Oregon have left several Multnomah County school districts facing budget deficits next year. Passage of this measure will reduce the loss of services and personnel these budget deficits will cause.

If the measure is not approved, school districts facing budget deficits in Multnomah County will experience larger numbers of teacher layoffs, higher increases in class sizes, and greater losses of innovative programs.

EXHIBIT B

**BEFORE THE VOTERS OF MULTNOMAH COUNTY, OREGON
MARCH 10, 1998**

ORDINANCE NO. _____

An Ordinance Amending MCC 5.60, Imposing Temporary Education Surcharge on Business Income Tax, Receipts to Benefit Public Schools

Amendment of Multnomah County Business Income Tax

MCC 5.60.500 is amended as follows:

(A) Except as otherwise provide in this Chapter, a tax is hereby imposed upon each person doing business within Multnomah County equal to 1.45 percent (.0145) of the net income from the business within the county effective with tax years beginning on or after January 1, 1993.

(B) The payment of a tax required hereunder and the acceptance of such tax shall not entitle a tax filer to carry on any business not in compliance with all the requirements of this Code and all other applicable laws.

(C) For the business year beginning on or after January 1, 1998, if the tax imposed by this section exceeds \$100, each person doing business within Multnomah County shall pay, in addition, a Temporary Education Surcharge equal to one half percent (.50%) of the net income from the business within the County. This surcharge shall be in effect only for 1998 and shall not apply to business years beginning on or after January 1, 1999.

(D) The receipts from the surcharge imposed by subsection (C) shall be used only to benefit public schools in Multnomah County. Receipts from the Temporary Educational BIT surcharge shall only be used to maintain or reduce class size by preventing teacher layoffs in FY 1998-99. The public school districts with projected budget shortfalls in FY 98/99 shall

only spend surcharge revenues to pay for salaries of teacher positions or other state certified personnel, that would otherwise be eliminated. To be eligible for BIT surcharge funds, school districts with projected budget shortfalls in FY 98/99 shall submit a list of positions for state certified positions subject to elimination from the budget and their accompanying salary, to Multnomah County no later than May 30, 1998. Districts without budget shortfalls in FY 98/99 shall submit a list of additional teaching positions and other staff certified positions and materials directly related to instruction. Multnomah County will allocate the BIT surcharge revenues to each public school district to pay for teacher positions or other state certified positions, based upon the list submitted by each school district.

(E) The Temporary Education Surcharge receipts shall be distributed to every public school district in Multnomah County according to a formula approved by the Board of County Commissioners.

schoolBITordinance3.doc1125

EXHIBIT C

EXPLANATORY STATEMENT

Measure 26-68 will impose a temporary, one year surcharge of .5% on the current Multnomah County Business Income Tax (BIT) for the purpose of raising short-term funding for county public school districts. This surcharge is estimated to raise \$11.9 to 12.6 million county-wide in 1998.

The current Multnomah County BIT of 1.45% will be raised to 1.95% for one year. Businesses that currently pay less than \$100 in BIT (approximately 65% of Multnomah County businesses) will be exempted from the temporary educational surcharge.

As education funding in Oregon has shifted from local sources to the State in recent years, several school districts in Multnomah County have seen their operating budgets reduced. This has resulted in the loss of teaching staff, administrators and special programs. Class sizes have increased.

In July 1996, as a result of discussions with school funding activists and business leaders, four members of the Board of County Commissioners and the Portland City Council pledged their support of a temporary business income tax increase if the 1997 Legislature did not fund local school districts at 1995-96 service levels. The November, 1997 passage of the state's lottery-backed education bond completed the state's allocation of educational funding through 1999. However, several school districts in the County still face budget cuts in the next two years that will reduce their service levels below existing levels. Further teacher layoffs, loss of innovative programs and increased class sizes will result.

This measure will provide *partial emergency funding* for all school districts in Multnomah County for one year. It is intended to reduce the effects of diminished budgets until the 1999 Legislature can address educational funding inadequacies. In addition to providing revenues from the temporary educational surcharge to local schools, the County is making available the services of the Multnomah County Auditor to conduct performance audits of programs and operations of any public school district in the County to help ensure that educational resources are being maximized.

IN THE CIRCUIT/DISTRICT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

TED PICCOLO

)
Plaintiff.)

A9712 09838

vs.

MULTNOMAH COUNTY

)
Defendant.)

ORDER

THE COURT certifies the following ballot title for Measure 26-68:

Caption:

Temporary Surcharge on Business Income Tax, Dedicate Revenue to Schools

Measure 26-68

Question:

Shall Multnomah County increase current Business Income Tax by .5% to provide approximately \$12 million to County public schools?

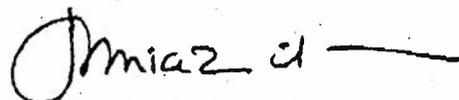
Summary:

This measure will increase the existing Multnomah County Business Income Tax (BIT) from 1.45% to 1.95% for one year. Businesses that currently pay less than \$100 in BIT (approximately 65% of Multnomah County businesses) will be exempt from the surcharge.

All revenues raised by this increase (an estimated \$11.9 to \$12.6 million) will be dedicated to public school districts within Multnomah County. Receipts from the Temporary Educational Surcharge shall be directed toward maintaining or reducing class sizes by preventing teacher layoffs in Fiscal Year 1998-99.

Public school districts with projected budget shortfalls in Fiscal Year 1998-99 must submit lists of teacher or other state certified positions that would otherwise be eliminated. Public school districts without budget shortfalls shall also submit lists of additional positions and materials directly related to instruction. Multnomah County will distribute receipts from the Temporary Education Surcharge based on the list submitted by each school district, according to a formula approved by the Board of County Commissioners.

DATED THIS 12th Day of January, 1998.


JANICE R. WILSON
Circuit Court Judge