



2018 FACT SHEET

SQ 801: ALLOW BUILDING FUND REVENUE FOR SCHOOL OPERATIONS

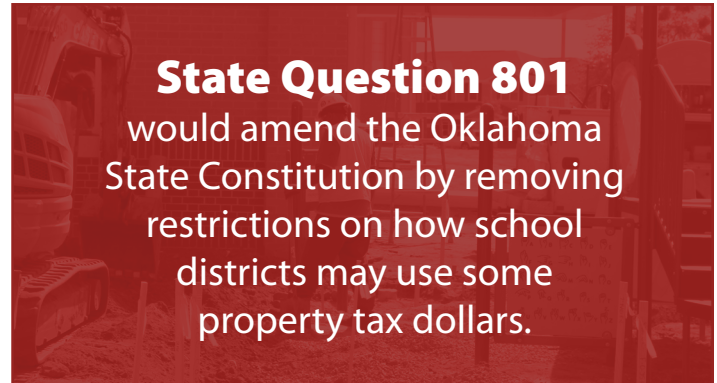
THE GIST

State Question 801 would amend the Oklahoma State Constitution by removing restrictions on how school districts may use property tax dollars. Currently, school districts may use five mills of property tax dollars for their “building fund,” which includes maintenance, repair operations, upkeep and construction of district facilities and grounds.

Building funds are property tax dollars that school districts set aside for routine facility upkeep. These funds are distinct from bond issues used for large scale building projects, which would not be affected by SQ 801.

One mill is a property tax rate of \$1 for every \$1,000 in assessed property value, and this unit is used to calculate the portion of property taxes levied for specific funds each year.

SQ801 would remove the limitation on how school districts can spend the five mills currently reserved for building funds. These property tax dollars could be used to pay for teacher salaries, hire additional staff, or make other general expenditures.



BACKGROUND INFORMATION

In 2018, State Senator Stephanie Bice, R-Oklahoma City, introduced Senate Joint Resolution 70, to place a question on the ballot that would let voters decide whether to lift the current restrictions on building fund use. The measure passed by a vote of 28-15 in the Senate and 57-14 in the House.

If that question, now designated SQ 801 passes, it will amend section 10, Article 10 of the Oklahoma State Constitution. Like all state constitutional amendments, it would require a majority vote of the people to pass the amendment.

Property taxes are the largest source of local revenue for Oklahoma school districts, making up approximately 76 percent of revenue from local sources (2016 U.S. Census Annual Survey of School System Finances). Under Oklahoma’s Constitution, schools are allowed to levy up to a certain number of property tax “mills” for specific purposes.

Currently, individual school districts can levy up to 39 mills to support general operations and up to five mills for the building Fund. Voters in every Oklahoma school district have already increased general operations and building fund property taxes to the maximum 44 total mills allowed under state law, so this measure would not create any new revenue sources for schools. It would only allow more discretion over how districts may use their existing building fund revenue.

...OVER

SUPPORTERS SAY...



SQ801 could create more competition between school districts. School districts may be able to pay teachers higher salaries or hire additional teachers to address large classroom sizes.



SQ801 would give greater flexibility to school districts. Districts would not be forced to divert property tax dollars out of their building funds, but it would allow them to use these funds for teacher salaries if they choose.



Low-income schools could especially benefit from greater budgetary flexibility. More competitive teacher salaries could help attract the most highly qualified teachers to these districts.

OPPONENTS SAY...



Lifting this budgetary restriction could lead to larger disparities in education quality and student outcomes if districts with the most local property wealth are able to offer higher teacher salaries.



Lifting this budgetary restriction could shift the burden of funding teacher salaries from the Legislature to local school boards. For every dollar they receive in local property tax revenue, districts receive a dollar less in state aid.



SQ 801 would not change the total amount of per-pupil funding or add additional revenue sources. Instead, schools would be forced to choose between operations and building maintenance within an already tight budget. This could create political pressures to forgo needed repairs until they become even more damaging and expensive.

BALLOT LANGUAGE



This measure would provide a means for voters to allow school districts to expand the permissible uses of ad valorem tax revenues to include school operations.

The Oklahoma Constitution limits the rate of ad valorem taxation. However, it permits voters in a school district to approve an increase of up to five mills (\$5.00 per \$1,000.00 of the assessed value of taxable property) over this limit for the purpose of raising money for a school district building fund.

Currently, monies from this fund may only be used to build, repair, or remodel school buildings and purchase furniture. This measure would amend the Constitution to permit voters to approve such a tax to be used for school operations deemed necessary by the school district, in addition to the purposes listed above.

