BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

A RESOLUTION IN OPPOSITION TO STATE BALLOT MEASURE #3 LIMITING PROPERTY TAXES TO 1-1/2 PERCENT OF TRUE CASH VALUE	))))	RESOLUTION NO. 82-352 Introduced by the Council Coordinating Committee

WHEREAS, A statewide initiative petition has been placed upon the November 1982 ballot which would constitutionally limit property taxation to 1-1/2 percent of the true cash value of property and roll back the true cash value of such property to 1979 levels; and

WHEREAS, The measure would substantially curtail revenues to local units of government and, consequently, the ability of such governments to provide necessary services to the residents of the state; and

WHEREAS, Such curtailment of revenues would in turn prevent local governments from providing capital projects and infrastructure needed to assure economic development and employment; and

WHEREAS, The measure would substantially reduce the tax revenues currently approved by the voters for operation of the Washington Park Zoo; and

WHEREAS, The Council finds that the measure is not in the public interest of the region, now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District opposes State Ballot Measure #3 and urges the voters of the District to disapprove the measure.

ADOPTED by the Council of the Metropolitan Service District this 23rd day of September, 1982.

Cindy Banzer

Presiding Officer

AJ/gl
6708B/318
9/8/82

COUNCIL

STAFF REPORT

Agenda Item No. 6.4

Meeting Date 9/23/82

APPROVAL OF RESOLUTION NO. 82-352 IN OPPOSITION TO STATE BALLOT MEASURE NO. 3 LIMITING PROPERTY TAXES TO 1-1/2 PERCENT OF THE TRUE CASH VALUE.

Date: September 13, 1982 Presented by: Coun. Deines

FACTUAL BACKGROUND AND ANALYSIS

Ballot Measure No. 3 is a statewide measure which would constitutionally limit property taxation to 1-1/2 percent of the true cash value of property and roll back the true cash value of such property to 1979 levels. This measure, if passed, would have a substantial impact on local government revenues and result in a reduction of services to citizens. Tax revenues for Metro's Washington Park Zoo would be severely reduced.

Attached is additional information regarding the impact on Metro and local government financing.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 82-352.

COMMITTEE CONSIDERATION AND RECOMMENDATION

On September 13, 1982, the Council Coordinating Committee unanamiously approved Resolution No. 82-352.

SR/gl
6789B/318

THE IMPACT OF BALLOT MEASURE THREE ON LOCAL GOVERNMENT FINANCING OR URBAN SERVICES

Metro's Industrial Land Market Assessment identified a lack of urban services -- chiefly roads and sewers -- as the major roadblock to the development of ninety-percent of the region's buildable industrial land.

Local governments have the major responsibility for providing urban services to these industrial lands. They rely upon many sources of revenues to provide the needed urban services -- federal grants, tax revenues shared by the State, user fees and property taxes.

BALLOT MEASURE THREE imposes a 1½% limit on the property taxes imposed by all governments, rolls back assessments to 1979, and limits assessment increases to 2% per year. These changes in the property tax system will cost cities, counties and schools and special districts almost half a billion dollars, and greatly limit their ability to finance public services.

ALL LOCAL GOVERNMENTS will be prohibited from raising property taxes to more than 1½% of the assessed value of property. Even though they might be able to obtain voter approval for higher property taxes, Ballot Measure Three would prohibit local governments from doing so.

PORTLAND AREA CITIES AND COUNTIES WILL LOSE AS MUCH AS TWO-THIRDS OF THEIR PROPERTY TAX REVENUES.

Estimates prepared by the Legislative Revenue Office show that Portland area cities and counties would lose under Measure 3. Multnomah County would lose $24 million, a 50% drop in property taxes. Washington County taxes would drop 64% and Clackamas County taxes would drop 30%.

Cities would also lose property tax revenues. Beaverton, Portland and Oregon City would lose about two-thirds of their property tax revenues. Smaller cities with small property tax levies, like Tigard and Wilsonville, would lose little or nothing, according to the Legislative Revenue Office.

MEASURE THREE WOULD MAKE IT MORE DIFFICULT OR IMPOSSIBLE FOR LOCAL GOVERNMENTS TO RAISE CAPITAL FUNDS.

Local governments have relied on General Obligation Bonds, tax-increment financing and special assessments for local improvement districts to finance many of their capital expenditures. Each of these mechanisms would be affected by Ballot Measure Three.

General Obligation Bonds, the mainstay of local government capital, could be limited or effectively prohibited by Measure Three. Such bonds are secured by the ability of local governments to use property taxes to repay bondholders. Under Measure Three, the repayment guarantee would be limited by the maximum 1½% property tax rate.

Local Improvement Districts would not be prohibited. However, since LID's require "special assessments" they must be voted on by the residents' of the district. This requirement would be in addition to the existing requirements for LID remonstrances.

Tax-Increment Financing would be greatly limited or even eliminated by Measure Three, according to the Attorney General's Opinion.

PASSAGE OF BALLOT MEASURE THREE could result in a very serious limitation of the ability of local governments to provide needed infrastructure. The traditional tools for financing urban services would be eliminated or curtailed. New sources of revenue will require a vote of the people. Higher local property taxes would be constitutionally prohibited.
The results of these limitations could be a very serious difficulty in trying to provide the roads and sewers needed to develop identified industrial land.

A more detailed description of the effects of Ballot Measure Three on economic development will be provided in Metro's Industrial Land Assessment, Supplement Two: The Impact of Ballot Measure Three on Economic Development.

9/13

METROPOLITAN SERVICE DISTRICT
527 S.W. HALL ST., PORTLAND, OR. 97201, 503/221-1646

METRO

MEMORANDUM

Date: September 2, 1982

To: Metro Council and Executive Officer DEC

From: Donald E. Carlson, Deputy Executive Officer
A. M. Rich, Assistant Zoo Director

Regarding: PRELIMINARY ANALYSIS OF 1½ PERCENT PROPERTY TAX LIMITATION MEASURE

This memo provides a preliminary discussion of Ballot Measure 3 on the November 2, 1982, general election ballot and its potential impact on Metro. A more complete analysis will be available some time this month following release of a comprehensive Attorney General's opinion which is being prepared at this time.

Attached for your review is the actual measure (see Exhibit "A") and a description of the measure prepared by the League of Oregon Cities (see Exhibit "B").

WHAT IS THE EFFECT OF THE MEASURE ON METRO?

The effect of the measure on Metro is the same as that discussed in Exhibit B4 and B5 to the extent that Metro is a unit of local government and has financial authority similar to a city, i.e. ability to sell bonds, levy taxes, make special assessments, etc.

As you know, Metro is in the second year of a three-year serial levy for the Zoo. The Zoo levy for this fiscal year and FY 1983-84 is $5,000,000 split for operational expenditures and capital expenditures.

The Tax Supervising and Conservation Commission has made a preliminary analysis of the impact of this measure on Multnomah County taxing districts. The impact on Metro for FY 1983-84, which is the first operational year of the measure should it pass, is as follows:

	PROPERTY TAX PROJECTIONS*	
METRO FACTORS	"As Is"	Adoption of 1½%
Total Assessed Value	$31,400,000,000	$23,900,000,000
Tax Levy	$5,000,000	$2,100,000
Metro Tax Rate ($/1,000 TCV)	$0.18	$0.09
Combined Tax Rate - Code Area #1 ($/1,000 TCV)	$22.21	$16.45

*The projections assume that the Legislature agrees that all existing taxing districts can levy in proportion to the current tax levies. If the Legislature should decide that Metro does not qualify for any levy, the tax levy amount above would be reduced to zero.

EXHIBIT A

Prepared by
NORMA PAULUS
Secretary of State
Elections Division
July 20, 1982

INITIATIVE PETITION

Submitted to the Electorate of Oregon by initiative petition, to be voted on at the General Election, November 2, 1982.

MEASURE NO. 3

Ballot Title: CONSTITUTIONAL REAL PROPERTY TAX LIMIT PRESERVING 85% DISTRICTS' 1979 REVENUE

Question: Shall constitution limit real property tax rates and valuations, preserve HARRP, require elections for certain taxes and limit tax elections?

Purpose: Constitutional amendment limits real property tax to 1-1/2% 1979 true cash value, plus enough for 85% (100% for emergency services) districts' 1979-1980 revenues. Requires equivalent renter relief. Taxable values, district revenues may increase 2% annually. Taxes for existing debts exempted. Preserves HARRP. Prohibits special ad valorem or sales tax on realty. Tax increases require 2/3 legislative or majority popular vote. Certain taxes require elections. Annual limit of two tax elections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OREGON:

The Constitution of the State of Oregon is amended by creating a new Article to be known as Article IXa and to read:

Section 1.

(a) "True Cash Value" shall mean the respective County Assessor's valuation of real property as shown on the tax statement for the tax year beginning July 1, 1979, under the heading "full cash value" or its equivalent terminology.

(b) "Real Property" shall include mobile homes used as private residences even if placed upon rented or leased space, and floating homes. (Houseboats.)

(c) "Total Revenue" means a district's total revenue from whatever sources derived, including but not limited to property and other taxes, fees and licenses, grants, state and federal revenue sharing and cost-sharing contracts.

(d) "Essential Services" means emergency services, including police, sheriff, fire, ambulance, and paramedic services.

(e) "Other Services" means any service, budget, program, or other benefit not specifically an essential service as defined in Section 1(d) above.

B2

ONE AND ONE-HALF PERCENT PROPERTY TAX LIMITATION

WHAT IS THE 1½% LIMITATION?

It is a proposed consitutional amendment to make a number of changes to the Oregon tax system. It is being circulated to gather enough signatures to place it on November's general election ballot. It is similar to the California-type property tax limitation measure that was defeated in 1978 and 1980 (BM 6). If passed in November, the measure would affect assessed values and property tax collections for fiscal year 1983-84 and add the following provisions to the Oregon constitution.

Taxes (Section 2 of the Measure)

* Taxes on real property would be limited to one and one-half percent of true cash value ($15 per $1,000 AV) as recorded at January 1, 1979.

* The legislature would have to decide how the $15 would be divided among cities, counties, schools and special districts.

* Excluded from the one and one-half percent limitation would be taxes or assessments to pay debt actually incurred, whether voter approved or not, prior to passage of the measure.

Assessed Values (Section 3)

* Values would be rolled back to January, 1979, levels and allowed to increase by up to two percent a year after 1983.

* New construction, remodelling, etc.--after June 30, 1980, would be assessed at the value it had, or would have had, as of January 1, 1979, plus a two percent maximum increase each year after 1983.

* Assessors may be prohibited from changing assessed values on property that has been or will be rezoned after 1979.

Total Revenues (Section 4)

* The one and one-half percent property tax limitation may be exceeded in 1983-84 if additional taxes are necessary to ensure that total revenues, from all sources, will not be less than:

  (1) If the taxing district provides only essential services (defined as emergency services including police, fire, ambulance and paramedic services) - 100 percent of total revenues in 1979-80.

  (2) If the taxing district provides both essential services and "non-essential" (all other) services - 85 percent of 1979-80 total revenues.

* In each year after 1983-84 the figure used to calculate total revenues for purposes of exceeding the limitation would be limited to a maximum increase of two percent a year.

Local Government Services (Section 5)

* A taxing district providing both essential and non-essential services in 1983-84 will not be permitted to reduce essential services budgets below 1979-80 levels,

until the total of all other budgets is reduced to two-thirds of its 1979-80 amount.

* In each subsequent year after 1983-84 the total of all other budgets must be reduced by an additional two percent over the previous year before essential service budgets can be cut below 1979-80 levels.

* Budgets for essential services may be reduced through contracts betwen government agencies and private entities for the provision of essential or other services.

Property Tax Relief (Section 6)

* Participants in HARRP or other equivalent tax relief would be protected in the Constitution from incurring any reduced benefits as a result of the tax and assessed value limitations contained in this measure.

* Renters would be guaranteed equivalent relief.

New State Taxes (Section 7)

* After passage, any changes in state taxes for purposes of increasing revenues from those sources, whether by increased rates or changes in methods of computation, could only be enacted by either a two-thirds vote of approval in both houses of the Legislature or the majority of the legal voters of the state voting on the question. If changes affect only a portion of the State they must be approved by a majority of the legal voters of that portion of the district voting on the question.

* Elections are required prior to any changes in state taxes by way of real property taxes, special assessments, tax abatement, legislative administrative acts, tax increment financing plan or transfer of real property taxes from one class of real property to another that affects the rates paid by real property owners.

* Such elections can only be held twice a year, at the primary or general election (May and November)

New Local Taxes (Section 8)

* After passage, the state, cities and other local governments could impose non-property taxes or special assessments upon residents or property within their districts only upon a majority vote of legal voters voting on the question; or, if the vote is on a proposed special tax or assessment against only a portion of a district, by majority vote of the legal voters in that portion voting on the question.

* The state and local governments would be prohibited from imposing any special ad valorem taxes on real property and any sales tax or transaction tax on any sale of real property. (There is an apparent conflict between references to the state's ability to raise revenues in Sections 7 and 8.)

Effective Date

* 30 days after passage for new state and local taxes. July 1, 1983, for the remainder of the measure.

Section 2.

(a) The maximum amount of all ad valorem taxes levied against any real property shall not exceed one and one-half percent (1 1/2%) per annum of the true cash value of such property, except as provided in Section 4.

(b) The tax provided in paragraph 2(a) above shall be collected by the counties and apportioned according to law to the districts within the counties.

(c) The one and one-half percent (1 1/2%) limitation on ad valorem taxes shall not apply to ad valorem taxes or special assessments levied to pay the interest and redemption charges on any indebtedness incurred, whether or not approved by the voters, prior to or concurrent with passage of this Article.

Section 3.

(a) The true cash value of real property may increase in any one year by not more than two percent (2%) over the prior year's valuation, provided however, that in no event may any increase in true cash value exceed the inflationary rate as measured by the Consumer Price Index.

(b) All property undergoing sale or purchase, change of ownership, or new construction subsequent to the tax year beginning July 1, 1979, shall carry the true cash value it had or would have had, in the case of newly constructed property, on the tax statement for the tax year beginning July 1, 1979, subject to increase as provided in paragraph 3(a) above.

Section 4.

(a) For this Article's first effective year, Sections 2(a) and 3(a) of this Article shall not reduce the total revenue of any district which provides only essential services to an amount less than that district's total revenue for the tax year beginning July 1, 1979. For each effective year thereafter, Sections 2(a) and 3(a) of this Article shall not reduce the total revenue of such a district to an amount less than that set forth in the foregoing sentence plus, for each successive effective year, two percent (2%) of that district's total revenue for the tax year beginning July 1, 1979.

(b) For this Article's first effective year, Sections 2(a) and 3(a) of this Article shall not reduce the total revenue of any other district to an amount less than eighty-five percent (85%) of that district's total revenue for the tax year beginning July 1, 1979. For each effective year thereafter, Sections 2(a) and 3(a) of this Article shall not reduce the total revenue of such a district to an amount less than that set forth in the foregoing sentence plus, for each successive effective year, two percent (2%) of that district's total revenue for the tax year beginning July 1, 1979.

(c) The one and one-half percent (1 1/2%) limitation contained in Section 2(a) of this Article shall be overridden to the extent necessary to accomplish the purposes of this Section.

Section 5.

(a) In the case of a district which provides essential and other services, for the first effective year of this Article, Sections 2(a) and 3(a) of this Article shall not reduce the budgets of essential services below their amounts for the tax year beginning July 1, 1979, until the total of all other budgets is reduced to two-thirds (66 - 2/3%) of its amount for the tax year beginning July 1, 1979. Sections 2(a) and 3(a) of this Article, for each effective year thereafter, shall not reduce the budgets of essential services below their amounts for the tax year beginning July 1, 1979, until the total of all other budgets is reduced to the amount set forth in the foregoing sentence minus, for each successive effective year, two percent (2%) of the total of all other budgets for the tax year beginning July 1, 1979.

(b) The foregoing paragraph, 5(a), shall not be construed to prevent reduction of the budgets of essential services through contracts between governmental and private entities for the provision of essential or other services.

Section 6.

(a) This Constitutional Amendment preserves that participants in the Homeowners' and Renters' Relief Program, ORS 310.630, et seq., or such other equivalent provision as may exist on the date of passage of this Article, incur no reduced benefits as a result of Sections 2(a) and 3(a) of this Article.

(b) In addition to the foregoing paragraph, (6)a, this Constitutional Amendment preserves that natural persons who rent or lease real property receive individual relief equivalent to that provided homeowners by Sections 2(a) and 3(a) of this Article.

Section 7.

From and after passage of this Article, any change in Oregon State taxes for the purpose of increasing revenues collected pursuant thereto, whether by increased rates of taxation or changes in methods of computation, shall be enacted by either:

(a) an act passed by not less than two-thirds (2/3) of all members elected to each of the two houses of the Oregon Legislative Assembly, or

(b) by majority vote of the legal voters of the State voting on the question, or, if by the proposed change shall affect only a portion, or the district of the State, by a vote of the majority of the legal voters of the portion of the district voting on the question; this Amendment requires elections pertaining to real property taxes, special assessments, tax abatement, legislative administrative acts, tax increment financing plan or transfer of real property taxes from one class of real property to another that affects the rates paid by real property owners. This limits these elections to not more than two (2) elections in any one year, the dates of these elections to be the third (3rd) Tuesday in May, and the first (1st) Tuesday after the first (1st) Monday in November.

Section 8.

(a) From and after passage of this Measure, the state, cities, counties, special districts, municipal corporations, quasi-municipal corporations, and other political and governmental subdivisions may impose special taxes or special assessments upon residents or property within such district, only upon a majority vote of the legal voters of the district voting on the question, or in the case of a proposed special tax or special assessment taxed or assessed against only a portion of the district, by a vote of the majority of legal voters of the portion voting on the question, provided however, that neither any special ad valorem tax on real property nor any sales or transaction tax on any sale of real property may be imposed.

Section 9.

This article shall take effect for the tax year beginning July 1 following the passage of this Constitutional Amendment, except Sections 7 and 8 which shall become effective upon passage of this Article.

Section 10.

If any section, portion, clause or phrase of this Article is for any reason held to be invalid or unconstitutional, the remaining sections, portions, clauses and phrases shall not be affected but shall remain in full force and effect.

Section 11.

In case of conflict between this Initiative and any Initiative or Referendum submitted to the vote of the people of the State of Oregon subsequent to this Initiative's filing with the Secretary of State and prior to or concurrent with this Initiative's submission to the vote of the people, only the Initiative or referendum receiving a majority vote and the highest number of affirmative votes shall become part of the Constitution.

EXHIBIT B,

1½% PROPERTY TAX LIMITATION: WHAT DOES IT DO?

Property Tax Limits: Limits property taxes to 1½% of value. (Limited exceptions where districts fall below 85% of 1979 budgets.)

Property Tax Relief: Requires continuation of HARRP program. Has no comparable provision to state payment of 30% of property taxes.

Property Tax Relief for Renters: Would require continuation of present benefits.

Distribution of Property Tax Revenue Among Local Governments: Legislature must divide the 1½% ($15 per $1,000 AV) maximum tax rate among local governments.

Assessed Value Rollback and Annual Growth: Rolls back to 1979. Allows annual 2% increase beginning 1984. Assessors may be prohibited from changing assessed values to reflect zone changes since 1979.

State Tax Increases and Spending Limit: Requires 2/3 vote of legislature or majority vote of people to authorize any changes in state taxes. Requires a vote on tax actions that effect property tax rates, at either primary or general election. Requires majority vote of legal voters of the state voting on the issue to impose special taxes or special assessments. Prohibits special ad valorem property taxes and property transaction taxes.

Local Tax Increases: Requires majority vote of people voting to adopt new taxes. Prohibits special ad valorem and property transaction taxes. Authorizes minimum total revenues equal to 85% of city revenues in 1979. Authorizes minimum yearly growth of 2% over 85% of 1979 revenues after 1983-84. Allows 1½% to be exceeded to extent necessary to meet minimum revenue levels.

Bonds: Allows taxes to repay already sold bonds to exceed 1½%. All new G.O. bonds would have to come within 1½% limit. New G.O. bond measures would require majority voter approval. There is serious doubt about whether general obligation bonds could be sold under this measure.

Local Control: Does not allow local voters to approve levies beyond those under the 1½% limitation even if all the voters wanted to.

In 1983-84, the total of all other budgets must be cut to 2/3 of its 1979 amount before budgets for essential services can be reduced below their 1979 totals.

In subsequent years, the total of budgets for other services must be reduced by a further 2% a year before essential services budgets can be cut below 1979 levels.

Requires majority vote for tax bases, operating levies, special assessments and all other revenue measures except direct fee-for-service charges.

League of Oregon Cities
P.O. Box 928
Salem, OR 97308
March, 1982

B4

HOW WOULD IT EFFECT CITY GOVERNMENT?

Serial Levies: New serial levies which would designate a portion of the property tax for a special purpose would be prohibited under the limitation. Existing serial levies could still be levied but only as a part of the city's maximum levy within the 1½% limitation.

Bonds: General Obligation (G.O.) bonds issued prior to passage of the measure are excluded from the limitation, i.e., principal and interest repayments from property taxes are in addition to the city's maximum tax levy under the limitation. Where voters have authorized a bond sale, but the bonds have not been sold prior to passage of the measure, then principal and interest repayments from property taxes must come from within the city's tax levy under the limitation.

At the present time, voter approval to issue bonds also authorizes the city to levy taxes necessary to repay those bonds. After passage, the question of issuing new bonds will be submitted to the voters, but voter approval would not authorize property taxes in excess of the 1½% limit to repay bonded debt. Either principal and interest repayments would have to come from within the city's general tax levy or from some non-property tax revenue source.

There is serious doubt (legally and practically) about whether cities could continue to sell general obligation bonds. Without this financing source, major capital improvements would be extremely difficult to achieve.

If repayments of bond principal and interest are to come from non-property taxes or special assessments, e.g., bancroft bonds, that special tax or assessment must be approved by majority vote.

Bonding capacity would be reduced, since it is expressed in statute as a percent of true cash value and T.C.V. would be drastically reduced by the measure.

Urban Renewal: The impact on tax increment financing is uncertain. It is questionable whether the 2% indexing provision would apply to the assessed value of urban renewal property. The likely interpretation is that bond holders would be entitled to availability of tax funds to pay off the bonds on the difference between frozen values and the actual true cash value of property, without reductions to 1979 values. Existing urban renewal property may therefore be subject to taxes in excess of the 1½% limit.

Tax increment bonds sold after passage of the measure would be subject to its limitation. The ability to issue tax increment bonds would therefore be greatly reduced or even eliminated.

Special Taxes: Special taxes which may be authorized by majority vote include income taxes, payroll taxes, general sales taxes or any other form of new tax which is not a traditional source of income for state and local governments in Oregon.

Specifically prohibited are any property taxes levied for a special purpose (including bonds) and sales or transaction taxes on the sale of real property.

Special Assessments: Assessments such as sewer and street assessments are not charged directly to the user, but assessed on the basis of benefit to affected property. Before assessments can be imposed against property in a local improvement district (LID) they would have to be approved by a majority vote of the legal voters within that district voting on the question (not the benefitted property owners who have to pay the bill). Cities with improvement projects underway may have difficulty in securing a favorable vote on the assessment once the project is completed, if this measure passes.

User Fees: Charges for services rendered such as sewer, water, electricity, garbage, etc., are not subject to any voter limitation. These charges are not considered taxes and, if the fees are charged strictly on the basis of cost of services rendered, such fees are not considered assessments.

A question has been raised, however, whether revenue raising fees such as connection charges, system development charges, etc., would be subject to a majority vote of approval.

Exceeding the One and One-Half Percent Limitation: Where total revenues in 1983-84 under the $1\frac{1}{2}$% limitation fall below 85% of 1979-80 total revenues, a city may increase property taxes to reach the 85% level. However, the measure does not automatically authorize the city to levy taxes up to the 85% amount. The city can either turn to its tax base if it is large enough, or seek a general operating levy (which requires a majority vote approval) in order to reach the 85% level.

"Total revenues" includes gross revenues from all sources--utility operations, cash carryover, bond proceeds, grants, etc.

It is anticipated that this provision will not be used unless the city was heavily dependent upon property taxes in 1979-81; had unusally high revenues from other sources, e.g., grants, bond proceeds, etc., in that year that have decreased since that time, or has experienced little growth in its revenues since 1979-81.

Cutting City Services: The measure seeks to protect what it defines as "essential services" by allowing essential service budgets to be cut back from 1982-83 levels only to their budgeted levels in 1979-80. Reductions beyond 1979 budgets for essential services could not occur until the total of "all other budgets" is reduced to at least 66-2/3% of its 1979-80 amount. "All other budgets" is interpreted in the broadest sense to include budgets from all funds and expenditures made by the city. General fund, special funds, enterprise funds, debt repayment funds, LID funds, etc., must all be separated into two categories--budgets for essential services and all other budgets. It is the total of all other budgets and not each of those budgets separately, that must be reduced to 66-2/3%. Given the very broad definition of all other budgets, it is likely that expenditures in some areas cannot be decreased, e.g., bond repayments, mandated costs. Therefore, discretionary programs operated by the city, e.g., parks, libraries, will probably suffer greater proportional losses.