



March 7th, 2013

To: Representative Phil Barnhart, Chair
Members of the House
Revenue Committee

From: Craig Martin, City Manager, City of Sweet Home

Good morning Chair Barnhart and other members of the Committee. My name is Craig Martin and I'm the city manager of Sweet Home. I've served as the city manager for over sixteen years.

Sweet Home is a city of 9,000, in Linn County, and our city unfortunately was given a particularly low permanent property tax rate by Measure 50 for a city of our size. Our permanent tax rate is \$1.42 per \$1,000 of assessed value. Just to put that in perspective, among cities of a similar size, Sandy has a permanent rate of \$4.12, Cottage Grove has a rate of \$7.20 and Astoria a rate of \$7.55.

As a result of our low permanent rate, our city has been highly reliant on voter-approved, temporary levies to fund police and library services. With a rate as low as ours, we cannot fund a police department and a library system on our permanent rate alone. Our residents recognize this, and have approved temporary levies for these core services dating back to 1986.

Voters most recently approved our police and library levies in 2010 with 60 and 55 percent of the vote respectively. But market values in our community have fallen, and compression on our local option levies went from about 13

percent of the amount levied, or about \$300,000, to 33 percent, or over \$905,000.

With those losses, we are not able to maintain the level of police and library services that voters expected when they voted to levy taxes on themselves. We've been forced to largely drain our rainy day fund to backfill the police and library departments, putting the city in a difficult financial position moving forward. But we've also had to reduce services, cutting library hours and police positions. Had we not used our reserves, the service and position cuts would have been much more severe.

In the coming years we will not be able to fund these core services with our reserve funds.

Sweet Home, in many ways, is the poster child for why we need to improve our property tax system. Measure 50 unfairly gave us a low permanent rate, and Measure 5 limits worsen our plight even when voters approve additional taxes. But our situation isn't all that unique. Our fellow cities in Linn County, Albany and Lebanon, have seen compression losses increase substantially over the past few years, and other cities have seen similar increases. And you'll hear shortly from school districts that are also hurting.

Truth be told, we don't know if our voters would approve a levy outside of statewide limitations. Doing so would ensure that we provide the same level of police and library services that the community has grown to expect regardless of what happens to the local real estate market. It would give the city some budget stability, and help us retain our police officers, who understandably are worried about uncertain funding levels.

While I don't know if voters would approve a levy outside of compression, I definitely think we should have the opportunity to ask them the question.

I urge you to support the voter control referral (HJR 8), which would allow local communities the opportunity to determine the level of services they need.

Thank you for the opportunity to testify.