

**OPPOSE THE DASH-3 AMENDMENTS TO SENATE BILL 865A**

*Comments by Gil Riddell, AOC Policy Director,  
before the Senate Finance & Revenue Committee, April 29, 2015.*

For both specific reasons related to the dash-3 amendments to SB 865A and general reasons related to property tax expenditures stated here, **AOC urges the Committee to oppose these amendments.**

**SB 864A-3 would amend a property tax exemption statute (ORS 307.130) that is archaic, often amended, and inconsistently interpreted in its current form by broadening the exemption with even more vague language that likely will lead to even more litigation.** Examples:

- Page 3, lines 20-21: Apparently grants a complete exemption to a history or science museum using a lesser percentage (85%) that puts the county assessor in the awkward position of finding predominant use of several portions of the property and keeping track of percentages of use that are likely to change throughout the year.
- Page 3, lines 22-30; page 4, lines 1-4: The paragraphs that follow in subsection (3) appear to be attempts to override legislatively adverse judicial rulings on property taxes imposed on specific areas at a specific property. If so, the Tax Court ruled on the facts. On the other hand, this Committee is being asked to change statewide property tax policy without the facts, without evidence of the need to or impacts of doing so statewide and in a manner that is confusing and very difficult to administer. Legislation that is property-specific is rarely good statewide public policy.
- Page 3, lines 26-28: Refers to an exemption for "goods and services providing refreshment to the public". What about catered private events? Another nightmare of administrative calculations for assessors.
- Page 3, line 29: Grants the exemption to property used "as a theater for presentations about history or science". How frequently must the theater be actually used for this purpose? What if it is used for other purposes? How is the assessor to monitor this use?
- Page 4, lines 2-3: What does "for preservation of open space" mean? Is it simply having undeveloped acreage on the property? If it is "preserved", there should at least be a conservation easement or a deed restriction of substantial length and enforceable by the public. The figure of up to 65 percent of the land as open space seems extreme for a museum site and again seems to refer to a specific property.
- Notice that Section 3 applies these amendments retroactively.

**Legislation that is property-specific very rarely makes good public policy.**

Please keep in mind the reasons why **new property tax exemptions need very heightened scrutiny** and should be granted rarely.

- The property tax system is already **cut, capped, and limited to the benefit of the property owner.**
- Under Oregon's rate-based property tax system, a new exemption, deferral, or special assessment does not shift the tax burden. Rather, it causes a **straight loss of revenue for education and public services.**
- Especially during this period of **slashing local budgets** for critical public services, why give away a legal source of public revenue?
- Statewide **44% of property taxes fund education.** The State General Fund backfills shortfalls.
- The county's share of property taxes helps the county fund state-shared services to the same constituents as the State. Counties need revenues to provide these services.
- The Governor's Task Force on Federal Forest Payments & County Services (Jan. 2009) Recommendation #40: Fund the Property Tax Expenditure Compensation Fund (ORS 306.350, et. seq.) to cover all eligible local government losses. "Local governments bear the brunt of revenue losses when the State enacts new property tax breaks".
- The Task Force on Comprehensive Revenue Restructuring (Jan. 2009) Short Term Recommendation: "Refrain from new property tax expenditures or state mandates on local governments. This recommendation is directed at the Legislature and essentially says 'do no harm' that will make local government's fiscal situation worse".