

Mayor
Honorable Lori DeRemer



City Manager
Jason A. Tuck

May 5, 2015

House Committee on Revenue
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

To the Honorable Chair Barnhart and Members of the House Committee on Revenue,

Re: Support HJR 12

In 1997, Measure 50 pegged assessed property value at 90 percent of a property's 1995-1996 real market value for the purposes of taxation. The purpose of Measure 50 was to prevent over taxation and reduce tax fluctuations. Contrary to its purpose, Measure 50 has exasperated tax inequalities among properties of similar market value.

Since 1997, neighborhoods with lower assessed value have experienced rapid increases in real market value. These neighborhoods have subsequently gentrified, creating large disparities between a property's market value and the corresponding assessed value. As a result of this disparity, property owners in gentrified neighborhoods systemically pay less in taxes for urban services. Alternatively, property owners in neighborhoods of high assessed value but low market growth bear a greater tax burden for municipal services.

HJR 12 will remedy both the valuation disparity and horizontal tax inequalities produced by Measure 50 by resetting the assessed valuation of a property to equal the real market valuation of the property when the property transfers in ownership. Resetting assessed value to real market value at the time of sale or transfer reestablishes a link between a property's real value and the taxes paid to receive public services for that property. Individuals purchasing properties of equivalent value should contribute equivalently to the community services each property receives.

HJR 12 will not result in an immediate increase in property taxes. The contents of this legislation only take effect after the sale or transfer of a property, thus allowing for a gradual phase in of the new tax system. HJR 12 restores horizontal equity and transparency to the property tax system. Happy Valley urges your support for HJR 12.

Respectfully,

A handwritten signature in black ink that reads 'Lori DeRemer'. The signature is written in a cursive, flowing style.

Lori DeRemer, Mayor

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