

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 20**

Happy Valley urges your support for HJR 20 to protect voter rights and cease the artificial compression of public services under Measure 5 (1990). Under Measure 5, governments and schools may respectively levy no more than \$10 and \$5 per \$1,000 of real market value. When voters approve levies in excess of Measure 5 limitations, levies are artificially compressed until the aggregate tax rate is within Measure 5 limitations. Consequently, Measure 5 limitations prohibit electors from funding desired services and prevent cities from delivering voter-approved services as funding becomes subject to compression.

Happy Valley is particularly sensitive to the effects of compression. Although Happy Valley is among Oregon's fastest growing cities, the City retains one of the lowest permanent tax rates in the state. Happy Valley thus requires local option taxes to fully fund basic services such as public safety. In perspective, 67 percent of the City's property tax revenue was generated through local option taxes during the 2013-2014 fiscal year. The City's dependence on local option taxes amplifies the effects of compression, which first reduces local option rates. Under Measure 5 limitations, the City was subject to compression in fiscal years 2004-2005 and 2005-2006. The City has been continuously subject to compression since 2008. Since the 2008-2009 fiscal year, Happy Valley has lost \$168,433.37 in revenue. Of revenues lost, \$164,454.18 (98 percent) was compressed from the local option rate. Compression losses account for .68 percent of all taxes since 2008.

HJR 20 ceases the artificial compression of public services under Measure 5 by shifting decision-making abilities back to the voters. HJR 20 gives voters the freedom to exempt local option taxes from Measure 5 compression limitations. Local option taxes, by necessity, still require voter approval. Therefore, HJR 20 does not raise taxes, nor can it, without voter consent. Rather, HJR 20 empowers voters to authorize community services at desired funding levels.

Furthermore, HJR 20 remains sensitive to the spirit of Measure 5 and the prevention of over taxation. Once approved, HJR 20 directs the Legislative Assembly to enact a property tax relief program wherein property assessed valuation will not increase during the period in which eligible

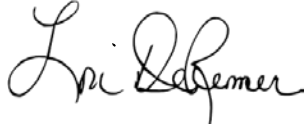
16000 SE Misty Drive, Happy Valley, Oregon 97086-4288  
Telephone: (503) 783-3800 Fax: (503) 658-5174  
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individuals are enrolled in the tax relief program. Accordingly, sensitive populations are protected from over taxation.

Happy Valley urges your support for HJR 20 within the greater conversation for comprehensive tax reform. HJR 20 does not raise taxes nor will it result in gross over taxation. HJR 20 empowers voters and ceases the artificial compression of voter-approved public services.

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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