



City of Tualatin

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May 6, 2015

House Committee on Revenue
Representative Phil Barnhart, Chair
Oregon State Capitol
900 Court Street, NE Room 143
Salem, OR 97301

Chair Barnhart and members of the House Committee on Revenue:

I am submitting this letter as testimony to the House Revenue Committee on Revenue in support of comprehensive property tax reform, as well as support for HJR 12 and HJR 20.

Oregon's property tax system is complex, arbitrary and full of inequities, since the passage of Measures 5 and 50 in the 1990s. The statewide limitations imposed on local government by these measures fail to recognize the differences between various communities' desired levels of services and the ability to finance those services. The two bills being heard by your committee, HJR 12 and HJR 20, help deal with the inequities in the property tax system, as well as allowing local voters a clearer say in their property taxes and the services paid for with their property taxes.

HJR 12 helps deal with inequities between properties with nearly identical real market values (RMV) that were created by the way Measure 50 set up assessed value (AV). The formula used to establish AV, rather than tying property tax assessment to RMV, created a complex, arbitrary and inequitable system and HJR 12 would help reduce inequities between similar properties. HJR 20 will allow local voters to vote on local option levies outside of the limits placed on these levies by Measure 5 (M5). Under our system, when M5 limits are reached and property taxes compressed, local option levies are the first taxes to be reduced. This creates a situation where voters have agreed to pay for services promised under the local option levy, but the services may not be able to be fully provided as the property taxes are compressed and unavailable to the servicing local government. Additionally, since the limits are calculated on a property by property basis, neighboring properties with the same RMV may be paying different amounts for the levy, and in many cases one neighbor paying the full amount and another nothing at all. HJR 20 would place these levies outside of the limits, allowing for an organization to receive the funds passed by the voters, the ability to fund the promised services and create equity between similar taxpayers.

In addition to these two bills, we feel that a more comprehensive look at the property tax system is warranted and support an official legislative work group be formed regarding property tax reform.

Sincerely,

A handwritten signature in black ink, appearing to read "Lou Ogden".

Lou Ogden
Mayor