

May 19, 2015

The Honorable Phil Barnhart, Chair
Members of the House Committee on Revenue
900 Court ST NE, H-279
Salem, OR 97301

Dear Chair Barnhart and Members of the Committee:

I write to express the City of Gresham's concerns with HB 3246, which would provide property tax abatements on energy efficiency improvements to residential and commercial properties. To be clear, the City of Gresham is a huge proponent of renewable energy. Under the leadership of our City Council, we recently became only the second local government in the nation to transform our wastewater treatment plant, previously our largest energy consumer, into a net energy producer. In addition, our residents routinely elect to purchase renewable power from the utility at a higher rate than most cities in the nation.

While we greatly value the transition to a more energy efficient and cleaner future, we also have the unfortunate distinction of being home to one of Oregon's lowest permanent property tax rates, at just \$3.61 per \$1,000 of taxable assessed value. For context, the City of Gresham collects around \$24.2 million in property taxes each year, and expends \$25.4 million on the Police services alone. Fire and Emergency Services cost an additional \$17.1 million. While we share the goal of increasing renewable energy, it shouldn't have to come at the cost of fewer resources being available for core public safety services.

A very important unanswered question is the "but for" test, applied to these abatements. The proponents of this measure should be asked to demonstrate that, under the status quo, people are choosing not to make energy efficiency improvements due to the property tax implications of the improvement. As technology improves and energy costs increase, energy efficiency upgrades will increasingly become a standard part of home and commercial property improvements. Unfortunately, the proposed bill could result in a scenario where those standard improvements are not taxable, in an environment when property taxes are already wildly insufficient to fund the services that they are intended to provide.

This measure effectively applies only to Multnomah County, where Gresham is the second largest city. Due to our anemic permanent rate, we routinely struggle heavily to identify resources for core services. We encourage the Committee to exercise great scrutiny when considering measures that would make the problem worse, especially when there are no likely property tax solutions on the horizon.

Sincerely,



Eric Chambers
Government Relations Director