



City of Tualatin

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March 20, 2017

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 Committee on Revenue in support of House Bill 2088, which would authorize city to define "area" as city in which property is located, for purposes of certain ad valorem property taxation statutes.

Oregon's property tax system is complex, arbitrary and full of inequities, since the passage of Measures 5 and 50 in the 1990s. Some of the horizontal inequities in the system are created by the way new and improved properties are added to the property tax rolls. HB 2088 would help solve some of the inequities we experience in our property tax system without disadvantaging any communities in Oregon.

Taxing entities are already disadvantaged by the inequitable property tax system we currently operate under. Your committee has heard, for a number of legislative sessions, about the need to reform the property tax system. Many of the inequities can only be addressed through changes to the State Constitution, but the changed property ratio (CPR), the ratio of average maximum assessed value (MAV) to the average real market value (RMV), is defined in state statute. By allowing cities the opportunity to utilize the changed property ratio experience within city boundaries, rather than utilizing the countywide experience, all new and improved properties within the city would be treated equitably and within the realities of the local area they are located.

In many areas, properties are added to the tax roll at a lower CPR due to the impact of the ratio between MAV and RMV in other parts of the county in which the property is located. A recent new development in Tualatin was added to the tax rolls at the Washington County CPR for commercial properties, which was approximately 4-5% lower than the CPR within the City of Tualatin, resulting in the loss of potential property tax revenue to the City and other taxing entities providing services to the development. We feel that property values, and subsequent property taxes, should be reflective of the entities providing valuable services to the property, not through a countywide average. HB 2088 allows for this nexus to be realized.

Sincerely,

A handwritten signature in blue ink, appearing to read "Don Hudson", with a horizontal line extending to the right.

Don Hudson
Finance Director