

CITY OF CANNON BEACH



April 4, 2017

Representative Phil Barnhart
House Revenue Committee
Oregon State Legislature
900 Court Street NE
Salem OR 97301

RE: Cannon Beach opposition to HB 2939

Dear Chair Barnhart and members of the House Revenue Committee:

The City of Cannon Beach opposes HB 2939 which caps construction excise tax on industrial/commercial buildings at 1%, limiting the legislation just passed in 2016 by SB 1533. Specifically, SB 1533 lifted the preemption on cities and counties from imposing construction excise taxes (CET), thereby restoring an important revenue tool. The CET revenues must be used largely for housing but it also gives cities and counties some flexibility on the details. That legislation capped residential construction at 1% but left CET on industrial or commercial buildings uncapped and more flexible. Cities have very few revenue tools available and available housing is at a crisis. The CET will allow cities to generate revenue that can be used to reinvest in housing.

We as a coastal city are looking at all possible solutions and options to address our housing crisis. The CET is one of the most viable options. We have held hearings since November 2016; we are considering such a tax because of a critical lack of affordable housing which would directly benefit the employees of the hospitality industry – the main economic driver of Cannon Beach. Limiting the tax thwarts our home rule authority now and into the future. One size does not fit all cities as local SDC's, property taxes, other costs, the market, etc. all need to be factored in. we encourage the legislature to allow local flexibility. For these reasons, we ask the committee to oppose HB 2939 and not advance the bill.

Sincerely,

A handwritten signature in blue ink, appearing to read 'BK', enclosed within a circular scribble.

Brant Kucera
City Manager