

MMC

Metropolitan Mayors' Consortium

June 14, 2017

Honorable Phil Barnhart
House Committee on Revenue

Chair Barnhart and Members of the Committee:

This letter is to express our concerns regarding SB 123, which would allow for the creation of countywide children's special districts. While we are strong proponents of children's services and provide a range of opportunities for young people in all of our cities, allowing the establishment of a new countywide special district for this purpose would result in substantial unintended consequences, chief among them would be Measure 5 compression.

Because the special district would levy its own tax rate, that rate would "compress" our own permanent district rates on the general government side of the equation, meaning that cities, counties, and other special districts would stand to lose significant revenue as a result. Were the services to be provided through a countywide levy instead of a district rate, the levy rate would "compress" first, meaning that it would not negatively impact permanent district budgets.

In real world terms, SB 123 would create new tax revenue for children's services, but could do so at the cost of existing revenue for police, fire, emergency services, parks, recreation, and economic development. The Legislature should not allow this to happen. The bill has already been amended in the Senate to bypass compression on the education side of the docket, but it has not been adjusted to avoid this from happening on the general government side (in fact, holding education harmless ensures that the entire compression burden will be inflicted upon cities, counties, and existing special districts).

We are all very supportive of avenues to provide additional services for children, but in Oregon's problematic and complicated property tax system, it is incumbent on all of us to be extremely careful about the unintended downstream consequences of potential legislation. SB 123 would harm our ability to provide services, and unnecessarily pits services for children against other vital public services. This is hugely problematic from our perspective, and we strongly urge the Committee to withhold its support until a better approach can be designed for a future legislative session.

Sincerely,

Metropolitan Mayors' Consortium

Mayor Denny Doyle
City of Beaverton

Mayor Brian Hodson
City of Canby

Mayor Jeffrey Dalin
City of Cornelius

Mayor Gery Schirado
City of Durham

Mayor Ted Tosterud
City of Fairview

Mayor Peter Truax
City of Forest Grove

Mayor Tammy Stempel
City of Gladstone

Mayor Shane Bemis
City of Gresham

Mayor Lori DeRemer
City of Happy Valley

Mayor Steve Callaway
City of Hillsboro

Mayor Ken Gibson
City of King City

Mayor Kent Studebaker
City of Lake Oswego

Mayor Mark Hardie
City of Maywood Park

Mayor Mark Gamba
City of Milwaukie

Mayor Teri Lenahan
City of North Plains

Mayor Dan Holladay
City of Oregon City

Mayor Ted Wheeler
City of Portland

Mayor Heather Kibbey
City of Rivergrove

Mayor Krisanna Clark
City of Sherwood

Mayor John Cook
City of Tigard

Mayor Casey Ryan
City of Troutdale

Mayor Lou Ogden
City of Tualatin

Mayor Russ Axelrod
City of West Linn

Mayor Tim Knapp
City of Wilsonville

Mayor Timothy Clark
City of Wood Village