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**Taxpayers Association of Oregon**  
PO Box 23573 Tigard, OR 97281 (503) 603-9009

Public Hearing - SJR 3  
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Matt Evans, Lobbyist

Three times in the 1990s, Oregon voters went to polls and voted to change the property tax system. This followed more than a decade of inaction by the Legislature, despite repeated public calls for a system that didn't drive people out of their homes. Measure 5, 47 and 50 reduced, but did not eliminate, the rate of growth of property taxes.

SJR 3 seeks to amend Measure 50, one of these three Measures, to dramatically increase property taxes again. It seeks to put us right back where we were before the property tax "revolt" of the 1990s. Measure 50 was created by the Legislature. If there's something wrong with Measure 50, you'll forgive us if we're skeptical this body is the right one to fix it.

I want to emphasize a few points about property taxes that you should consider carefully before supporting this Joint Resolution.

Already, Oregon governments are the 10<sup>th</sup> highest spending per capita in the country. SJR 3 seeks to move us up that ranking. Our denial of our spending problem has become so bad that the current Legislature has almost \$2 billion more to spend in the coming biennium, but is describing that as a "budget crisis." Rather than seek a system-wide increase in property taxes, the Legislature should consider abolishing "urban renewal" as part of that system. Under current law, urban renewal takes money from schools, law enforcement and other public entities to no good purpose.

Please remember that property taxes are deductible on tax returns. Increased property taxes result in taxpayers paying less in income tax. You're cutting off your nose to spite your face here. In addition, a return to a "real market value" based system has its own problems. First, it should be obvious that the market value of a home may have no real connection to a homeowner's ability to pay. Property values in many parts of Oregon have risen sharply in recent years, driven artificially high by the State's land use system. The average income of the Oregonians who own those homes has completely failed to keep pace. A large increase in property tax liability produced by SJR 3 will make home ownership unaffordable for even more Oregonians.

And is that the goal here? We already have a housing affordability problem across our State. Passage of SJR 3 will make this worse in two ways. First, it will drive up the basic cost of housing through higher taxes. Secondly, this exemption doesn't even apply to multi-family dwellings, which are at the heart of our affordability problems in the first place. The device used to try to reduce the impact – the homestead exemption – is laughably tiny.

I would also remind you that attaching property taxes to Real Market Value could have dramatic consequences in times of economic downturn. During the recent "Great Recession," real market value in Oregon fell almost 20 percent. Fortunately for government, the property tax system wasn't tied to that measure of value at the time, otherwise property taxes would have cratered, leaving local governments with an actual "budget crisis." Instead, property taxes based on "Maximum Assessed Value" grew for those able to hold on to their homes.

Oregon is already collecting \$12 billion per biennium in property taxes, the highest they've ever been. Collections have grown over 50 percent in the past 10 years, a decade that saw one of the slowest-growing economies in a long, long time. Oregon's taxpayers are stretched – as far as they can be. This Committee should recognize that, and reject SJR 3.