

**Testimony to the Senate Committee on Finance and Revenue
on behalf of SJR 21**

**Common Ground-Oregon/Washington
19 February 2019**

SJR 21 Proposes amendment to Oregon Constitution repealing ad valorem property tax system created by House Joint Resolution 85 (1997) (Ballot Measure 50 (1997)) and requiring Legislative Assembly to enact such laws as may be necessary or appropriate to transfer repealed provisions to statute without substantive change.

Common Ground-ORWA strongly supports SJR 21 repealing the property tax limitations embedded in the state constitution. Such political choices to limit taxes do not belong in the constitution. Only universal principles such as the uniformity clause are appropriate for this foundational document.

Property assessment limits restrict the amount by which a specific property's tax valuation can rise in a given year, no matter what the change in its actual market value; tax rate limits restrict the amount by which the levy may increase. When both restrictions are applied, the results produce consequences not necessarily intended by the framers – responding to political demands for tax constraints. By design, assessment limits undermine the distribution of the tax burden according to property value.

After 25 years of experience with Measures 5 and 50, there is more than enough evidence to show that Oregon's tax limitations are grossly inequitable. They violate accepted standards for evaluating taxes such as horizontal equity— the equitable treatment of similarly situated taxpayers (similar types of property); vertical equity— the equitable treatment of taxpayers in different situations (different income groups); transparency; simplicity; administrative efficiency; and revenue adequacy. They also undermine uniformity in taxation and have greatly eroded local government autonomy.

Provisions that stipulate standards and conduct of property tax practice belong in a statute. Furthermore, a degree of flexibility given to local governments on tax rates and revenue should become available through local options. Enacting SJR 21 into law will be a significant step towards comprehensive property tax reform in Oregon.

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