



HB 3194: Changes to monetary limits that determine the meaning of "minor construction" for purposes of property tax law

House Committee On Revenue | Richard Swift | 2/16/2023

Good morning, Chair Nathanson, Vice Chairs Reschke and Walters, and members of the committee, my name is Richard Swift, please accept this statement for the record on behalf of Tax Fairness Oregon (TFO), a network of volunteers who advocate for a rational and equitable tax code. TFO's members have a range of experiences with the tax code over decades as professionals and volunteers. I spent my career in Oregon in local government focusing on health care, human services and housing.

My housing experience is fairly broad. I directed and led one of the state's housing authorities, built low income housing projects ranging from 20 units to 240 units providing housing for individuals and families with average incomes as low as 90% of the federal poverty level. I was also responsible for a community development program that assisted low income homeowners with envelope and other real property improvements.

Financing all of this work carried varying levels of complexity with some funding packages totaling as much as \$65M. Many projects required months of what was often difficult work and negotiations to put together and bring to fruition.

None of that effort was as difficult as the issue we faced in trying to create and increase equity related to home ownership for low income residents. The amendments to HB 3194 increase the thresholds related to what is considered minor construction. This will certainly be a benefit for many homeowners who seek to increase the value of their homes through improvements. However the amendments to HB 3194 are inherently regressive.

I will use my own property as an example. According to the Multnomah County Assessor our real market value is \$888,950. The amendments to HB 3194 would enable us to make almost \$90K in improvements with no new assessment. This is almost twice what our next door neighbors would be able to spend and far greater than many across Oregon. There is no doubt that this bill creates capacity to add value and increase equity but it favors those with high property wealth. TFO strongly encourages the legislature to consider language that would control for this regressive outcome of the bill.

At a time when the struggle to create, sustain and build generational wealth is increasingly difficult, HB 3194 may very well exacerbate the growing divide between those who can augment their wealth and those who struggle to do so. TFO is currently neutral on HB 3194 with the hope that the regressive nature of the current bill as proposed with filed amendments is corrected.

We read the bills and follow the money