



Oregon School Employees Association

www.osea.org

State Office: 4735 Liberty Road S, Salem, OR 97302-5036

P: 800-252-6732, 503-588-0121 F: 503-588-8307

March 23, 2023

House Committee on Revenue
Rep. Nancy Nathanson, chair

Dear Chair Nathanson and committee members:

The Oregon School Employees Association (OSEA) represents about 23,000 workers in nearly all levels of public education, including Head Start programs, K-12 school districts, ESDs, community colleges and special districts. OSEA members perform many of the essential tasks that keep Oregon public schools safe and functional for students, administrators and teachers.

As Oregon has suffered through 30 years of disinvestment in public schools and a Student Success Act whose impact was painfully undercut by the pandemic, our complex and inequitable property tax system has produced clear winners and losers. The caps on property taxes, compounded by additional property tax incentives like enterprise zones and the Strategic Investment Program (SIP), have accrued significant savings for a few wealthy entities, and they have added to the erosion of public-school funding by distributing the cost of those lost property tax revenues to school districts throughout our state.

House Bill (HB) 3457 wisely corrects our state's course in this arena, introducing needed and thoughtful curbs on SIP without harming any of the value that the program may be offering. Representatives Nancy Nathanson and Greg Smith have carefully crafted a comprehensive set of reforms to the program. The base bill and the amendments they've articulated to the committee are wise and essential to the state continuing to allow SIP tax breaks, and **OSEA strongly urges this committee to pass HB 3457.**

OSEA would like to see the Legislature go even farther though, by exempting property taxes that flow to taxing districts in the education category from abatement under SIP. We believe other taxing districts that are impacted by the approval of SIP agreements by local governments can – and should – be included in the process of authorizing these agreements. However, Oregon's distribution of education funds across the entire state, to support public education regardless of the local property tax base, makes it impossible to include all of what we might call "affected parties." Instead, the best solution is to exempt education-related property taxes from abatement under any new or updated SIP agreements going forward. This would keep local decisions about tax abatements from creating an externalized cost to students throughout the state. That externalization of costs has been allowed for too long and the Legislature should seek to end it as soon as possible.

*The Oregon School Employees Association (OSEA) is an affiliate of
the American Federation of Teachers (AFT) and the AFL-CIO.*





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OSEA views the common-sense reforms and updates to SIP envisioned by Reps. Nathanson and Smith as essential to the health of Oregon's tax system and **we strongly urge this committee to pass HB 3457.**

Thank you for your attention,

Bob Estabrook
Government Relations Specialist
bobe@osea.org
503-508-5203

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