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On Behalf Of:
Committee: House Committee On Rules
Measure: HJR201

Oregon HJR 201 represents a profound and misguided overhaul of our state's property tax system, one that not only undermines local control and democratic accountability but also introduces an alarmingly broad and undefined tax on intangible property. This proposal seeks to centralize the power to set property tax rates, stripping local communities—especially those in rural areas—of their ability to directly influence decisions that are fundamental to their economic well-being and way of life. It proposes a one-size-fits-all approach to solving public safety funding issues, unfairly burdening rural communities with the financial fallout from urban policy failures, particularly those in the Portland Metro Area.

The justification for this sweeping change, namely to fund public safety, ignores the stark differences in public safety needs and challenges across the state. Rural areas, largely free from the public safety crises plaguing Portland due to decriminalization and lax law enforcement policies, should not be penalized for the city's problems. The solution to urban crime lies not in redistributing resources from responsible communities but in addressing the root causes through effective law enforcement and policy reform within those urban areas.

Most alarmingly, the proposal to tax "all real property and all personal property, tangible and intangible, located, used or held for use within the state" is an unprecedented overreach. Taxing intangible property, potentially extending to unrealized investment gains, insurance policies, intellectual property, and even email or client lists, is a deeply concerning expansion of tax authority. Such a broad and undefined tax base poses significant risks to economic innovation, privacy, and the foundational principles of property rights. It grants the state unchecked power to levy taxes on virtually any form of property, tangible or intangible, without clear limits or definitions. Doing so will undoubtedly lead to even more businesses leaving the state. Following this proposal will lead to many businesses leaving. I can see Nike and Intel packing up over this incredibly misguided step.

Moreover, the proposed limitations on the tax rate, ostensibly set at a "modest" \$0.25 per \$1000 of assessed value, are misleading and insufficient to assuage concerns about future tax increases. The absence of clear restrictions on how property values are assessed leaves open the possibility for significant tax hikes through the backdoor. This method of setting initial rates low, without stringent controls on valuation practices, allows for potential increases in tax burdens under the guise of valuation adjustments, effectively nullifying any initial limitations placed on the tax rate itself.

This strategy of giving with one hand while taking with the other undermines any assurance provided by the proponents and fails to address the underlying issues of fairness, representation, and accountability in tax policy. It represents a veneer of moderation over a policy framework that could lead to substantial and unchecked increases in property taxes, impacting Oregonians across the state.

In essence, HJR 201 threatens to destroy the economy of Oregon and erode the very fabric of Oregon's community-focused governance model. It disregards the importance of local control, equitable treatment of all Oregonians, and the necessity of targeted, locally-informed solutions to public safety and fiscal challenges. If enacted, the communities that will suffer the most, as with almost every other "compassionate" policy enacted by our legislators, will be those who have the least. Poor and minority communities will suffer greatly as prices rise, homes are lost and businesses fail under a potentially massive tax burden. This bill sets a dangerous precedent for the future of taxation and governance in our state, and it should be opposed by all who value fairness, and the protection of individual and community rights.