

Bennett Minton
Portland, Oregon

March 1, 2021

House Revenue Committee
Oregon State Legislature

Re: Testimony on HJR 13

Madam Chair and members of the committee:

Several decades ago, Americans began to buy the idea that government should, as it was said, “live within its means, just like families do.” The related notion was that taxes should be limited to some arbitrary amount, just as households make do.

This is a false picture of how thriving governments, businesses and households make a budget. It is, rather, the prescription for failure.

Every successful entity operates with a vision: What does it want to be, and how does it become that? Then it attracts the required resources.

Thriving, future-oriented families set visions and work to achieve them. We learn new skills to raise our value, or we take a second job. We borrow for our children’s education. We take out mortgages. To start a business, we borrow or bring in partners or distribute equity.

Consider Jeff Bezos. He borrowed and sold equity that would allow him to execute a vision for Amazon. I mention him because of recent stories about one of his acquisitions. A decade ago, Bezos bought The Washington Post from the family that had steered it for 80 years. That family, the Grahams, had been engaged in rounds of budget cuts to match falling revenue because of changes in the industry. Bezos discarded the Grahams’ vision of a regional newspaper located in the nation’s capital, and recreated the Post as a national paper. He poured in money, developed digital resources, hired hundreds of reporters – and drew hundreds of thousands of new subscribers. The Post is thriving.

Decades ago, Oregon voters restricted property taxes by imposing backward-looking constitutional limits. Like the Grahams, they let scarcity determine their fate. The result is an arcane system with no rational principle.

My property tax bill contains a bizarre collection of figures. My colleagues in Tax Fairness Oregon describe the effects on the respective taxes for three of us. I call your attention to other effects.

When I bought my house in 2018, the sidewalk in front had been buckled by a tree in the median, posing a danger to pedestrians. Years earlier, the city had shifted to homeowners

responsibility for sidewalks. Many of them are crumbling. A few months after we moved in, my wife and I were walking home after dinner when she tripped over a broken sidewalk and did a faceplant in the dark – we have inadequate streetlights too. Her injuries cost us a couple thousand dollars in medical bills. City ordinance allows us to sue the adjacent homeowner. If you saw the house, you'd think twice about the chances of collecting, assuming you want to spend your time suing your neighbors.

After I removed at my expense the city's tree – it wasn't my tree – I had the sidewalk rebuilt, for \$4000.

But what would be my share of having the city maintain the sidewalk for the whole block, so that no one does a faceplant? And what would be the social effect of having our infrastructure maintained as if we – all of us – cared? The sidewalk has value only because it connects the neighborhood. It's part of what makes a city – a city.

I appreciate the intent of this resolution, which is to address some of the inequities of our property tax. But it is not the solution.

The solution is simple, though executing it is not.

In Virginia, where I lived before moving to Oregon, the property tax has two elements: the rate and the assessed value. The rate goes up and down corresponding to value, after the locality determines the budget. The budget determines the tax – not the other way around.

As long as Oregon maintains tax constraints destructive to its vision, our governments cannot address our needs, among them sidewalks, streetlights, housing, trash collection, and earthquake preparedness.

Oregon has astonishing attractions: natural beauty, entrepreneurial spirit, libertarian instincts. It also has dead weights. The property tax limit is a marker of a failing state, stuck in a mythic past rather than embracing an abundant future. Until we dispatch the notion that tax policy should be so arbitrary, we will continue our descent, separate and unequal.