

Chair Meek
Vice-Chair Boquist
Senate Finance and Revenue Committee
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

March 8, 2023

Dear Chair Meek, Vice-Chair Boquist and Members of the Committee,

I am writing to express the City of Gresham's concerns regarding SB 858.

We support the spirit of this legislation: to enhance children's services. This bill, in some form, has been proposed in several past legislative sessions, and Gresham supports investments in services for children. Spearheaded by our City Council's clear priority around children and families, Gresham has increased recreation opportunities in recent years and partnered with many community organizations to locate in Gresham, including Friends of the Children, the Boys and Girls Club, New Avenues for Youth, Family of Friends Mentoring, and the Portland Opportunities Industrialization Center. Services for children make communities stronger, but the City of Gresham has substantial concerns with the vehicle to achieve this outcome proposed by SB 858.

Children's services are important, but we shouldn't negatively impact public safety services, social safety-net services provided by the County, library services (which heavily benefit children), economic development services, and parks and recreation services to provide them. While meritorious in its intent, the creation of a new special property-taxing district to deliver children's services could threaten the effectiveness of existing property-tax-based service providers to deliver critical services like public safety and fire/emergency medical services. In some cases, it could also create significant inequities between the taxing burden of residents in different jurisdictions within a proposed district.

Not only would a children's service district impact other service providers' ability to collect revenue and provide services, but it would likely cause significant inequities between taxpayers located within the same district, but in different municipal jurisdictions. Gresham's permanent property tax rate under Measure 50 is \$3.61 per \$1,000 Taxable Assessed Value, around half of that levied by neighboring Portland. Because Gresham was frozen in time with such a low permanent rate, our residents become net payers for shared services in Multnomah County when Measure 5 compression is triggered, since property owners in Gresham have more room to pay within the \$10 per \$1,000/RMV cap.

When the Multnomah County Library District was approved by voters in 2013, for example, 100% of Gresham households saw a tax increase in the first year, while only 48% of Portland households saw a tax increase that year. On average, Gresham households saw a \$52 tax increase as a result of

the creation of that new district in the first year. By comparison, Portland households saw an increase of \$24 on average in year one—less than half the increase in Gresham. A children’s district would have the same unfair and disproportionate impact in a compression environment if it were adopted countywide in Multnomah County. Given the twenty-two-thousand-dollar difference in median income between Portland (\$76,231) and Gresham (\$53,892), this district, if implemented in Multnomah County, would place a greater burden on lower-income earners.


The fact that Section 2 of SB 858 is drafted to prohibit children’s districts from engaging in education activities in order to avoid Measure 5 compression is clear evidence of the structural weaknesses of this approach. The value of a potential district would be immediately diminished if it cannot provide any educational value or educational services for children. We should search for a way to achieve the goals of this legislation through a less restrictive vehicle, and one that allows for educational support for children that does not compete with funding for school districts.

If the Legislature is intent on allowing the proposed districts to assess, levy and collect property taxes, prohibiting the formation of these districts in counties that have established compression issues would ensure that the proposed districts have minimal or no impact on other service providers. This could be done by prohibiting the formation of districts in counties where the county taxing agency has a 10-year compression-as-a-percentage-of-tax-extended average that is higher than the 10-year compression-as-a-percentage-of-tax-extended average of the state as a whole at the time of a petition for formation of a children’s service district, or any other threshold the Legislature might find more appropriate. This would permit the formation of districts in some counties with minimal fewer current compression issues, but prohibit them in counties where compression is acute.

Alternatively, the Legislature could amend the bill to require that cities and counties impacted by a proposed district must approve the formation of the district by Council or Commission resolution, prior to a district being formed with an overlapping boundary.

Thank you for the opportunity to share our concerns with SB 858. The City is extremely supportive of services for children, but we implore the Legislature to not present a path to those services that creates competition with other critical local services.

Sincerely,



Mayor Stovall
City of Gresham