

HB 2321 -1, -2 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 1/30, 5/20, 6/3

WHAT THE MEASURE DOES:

Establishes the Task Force on Impacts of Ballot Measures 5 and 50. Requires the task force to study the disparate impacts, if any, of the ballot measures on historically disadvantaged communities and submit a report to the interim committees of the Legislative Assembly related to taxation no later than December 15, 2026. Directs that the task force consists of six Senators appointed by the Senate President five Representatives appointed by the House Speaker.

ISSUES DISCUSSED:

- Actual impacts compared to expectations
- Importance of technical details to understand the impact of the property taxes
- With roughly 30 years under the current system, it's time to review
- Need for a more rational system
- Uses of property tax revenue
- Local control

EFFECT OF AMENDMENT:

-1 Replaces the bill.

Requires the Legislative Revenue Officer to produce a report on the current state property tax system and options to modernize it. Requires the report to include: an overview of the current system, the effects M5 and M50 have had on the system, stakeholder concerns about the system, include input gathered by legislators during the 2025-26 interim, and present the report to the Legislature by December 1, 2026.

-2 Replaces the bill.

Identical to the -1 except for Section 1(1)(d), where the input would be based on information compiled by organizations representing Cities and Counties instead of legislators.

BACKGROUND:

Measure 5 was enacted by the voters in November 1990. It established maximum property tax rates of 0.5% for school districts collectively and 1.0% for all other taxing districts collectively; bond levies were excluded from these limits. Measure 50 was crafted by the 1997 Legislature and referred to, and passed by, voters in May of 1997. (This was in response to the voter enacted Measure 47 from 1996 that was deemed to be unworkable.) Measure 50 created permanent tax rate limits for taxing districts; it also created the concept of Maximum Assessed Value (initially set at 90% of 1995-96 real market values) and limited its growth to three percent annually. With both Measures 5 and 50 in effect today, Oregon's property tax system was changed from a levy-based tax system to a rate-based tax system.