

**HB 2321 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Evans

**House Committee On Revenue**

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**Action Date:** 06/03/25

**Action:** Do pass with amendments and rescind subsequent referral to Ways and Means. (Printed A-Eng.)

**Vote:** 7-0-0-0

**Yeas:** 7 - Hudson, Levy B, Marsh, Nathanson, Reschke, Smith G, Walters

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Chris Allanach, Legislative Revenue Officer

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

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**WHAT THE MEASURE DOES:**

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, and input from organizations representing Cities and Counties. Requires the report be submitted to the Legislature by December 1, 2026.

**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
- Indirect impact on Higher Education funding
- Pending budget cuts for many county governments
- Economic differences in Oregon today compared to the 1990s
- Consideration of a Land Value Tax
- Potential participants for ongoing discussions
- Property tax impact on senior citizens
- Need for input from taxpayers
- Comprehensive understanding of current system inequities

**EFFECT OF AMENDMENT:**

Replaces the bill.

**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.