

HB 2321 A STAFF MEASURE SUMMARY

Carrier: Sen. Patterson

Senate Committee On Finance and Revenue

Action Date: 06/18/25

Action: Do pass the A-Eng bill.

Vote: 3-2-0-0

Yeas: 3 - Meek, Patterson, Taylor

Nays: 2 - McLane, Starr

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 6/18

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 Measure 5 and Measure 50 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:

- Inflation
- Horizontal inequity
- Entrepreneurship
- Local budgets and services
- Measure 5
- Measure 50
- Statutory fixes
- Federal timber revenue

EFFECT OF AMENDMENT:

No amendment.

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.