

January 30, 2025

House Committee Revenue
Representative Nancy Nathanson, Chair
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

Dear Chair Nathanson and members of the Committee,

The City of Gresham is in strong support of comprehensive property tax reform, and appreciates the impetus behind HBs 2321, 23333, 2334, and 2335 to set up Task Forces to study the impact of Oregon’s system of property taxation respectively on: historically disadvantaged communities, local governments, higher education, and small and large taxing jurisdictions.

With one of the lowest permanent property tax rates of any full-service city in Oregon, Gresham is heavily impacted by property tax inequities and the absence of local control.

Gresham’s permanent rate is \$3.61 per \$1,000 of assessed value. Last year, voters in Gresham, for the first time in more than a generation, approved a local option levy to fund critical public safety needs, at a rate of \$1.35 per \$1,000 of assessed value. Nevertheless, this combined rate of \$4.96 is nearly \$3 dollars per \$1,000 of assessed value less than Portland’s combined rates, despite that fact that Gresham faces the same range of big city problems, including homelessness, public safety, and emergency response issues. Our city struggles to address these issues with a rate of taxation that was established when the community had very different needs.

Gresham’s permanent property tax rate was set thirty years ago when our city was home to roughly 80,000 people. Today, Gresham has over 110,000 people, with more diversity, poverty, and youth under the age of 18 than our neighboring jurisdictions. Because of our low permanent property tax rate, however, the City has struggled to fund core services, including a parks system, youth services, and public safety at a level that would best serve our changing community.

Moreover, the 3 percent cap on annual maximum assessed value growth strangles local governments when the cost of providing services exceeds 3 percent, which consistently occurs and has been particularly evident over the last several years as inflation has increased personnel, service, contracting, and construction costs. The cap on growth forces the local governments to either raise revenues in different ways or make cuts to core programming.

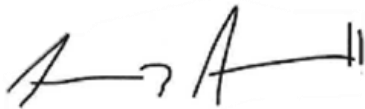
These issues are not unique to large cities, nor cities in general, as our partners who rely on property tax revenues, like school districts, education districts, and special districts, have similarly seen costs rise in excess of 3 percent annually, which is why a comprehensive examination of Oregon’s property tax system and its impact on all layers of government and our communities is necessary.

Local governments have been tasked with providing core government services for well less than what these services cost for decades now. For every dollar of government services we provide, Oregon’s tax structure only allows us to collect 75 cents in revenue. We have done our best to consolidate operations, downsize services where we can, improve efficiencies, and seek other revenue sources when necessary. We are trying to do our best, but it is well past time that the legislature seriously examines the handcuffs local governments are wearing and provides a solution that enables us to serve our communities adequately.

Given the constitutional nature of these property tax limitations, local governments are reliant on the legislature to hear our concerns and take up this issue on our behalf. As your partners in government, our state only works if every level of government works too. That’s why we should have mayors, councilors, and/or city managers as part of these task forces.

We ask you to pass these important bills and establish the task forces needed to study the impacts of Measures 5 and 50, and then partner with us on solutions.

Sincerely,



Travis Stovall
Mayor of Gresham