



**Testimony on HB 2333**

**House Revenue Committee**

**Kris Nelson, Legislative Director**

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Tax experts throughout the country have examined states' various approaches to limiting property taxes and concluded that of all methods limitations on assessments is the most defective. While popular among many homeowners at the time of its inception in 1993, Measure 50 is a deeply flawed means to counter rising property taxes.

The Legislative Revenue Office released Research Report 4-10 in September 2010, stating: "One of the core principals of tax policy is what economists call 'horizontal equity,' which is that similarly situated taxpayers should pay similar amounts. Obviously this Measure 50 violates that." LRO's examination of Measure 50's mechanics confirmed that the property tax system is subject to widespread horizontal inequities where taxpayers in equal circumstances are treated differently by the tax system. M-50, by separating taxable value from market value, virtually assured that horizontal equity would be violated. Every year the gap between MAV and real market value assessments is growing, compounding the inequity.

Both Measures 5 and 50 have also had an enormous negative impact on the ability of cities and other local governments to meet the basic service needs of their citizens.

On the horizon is a superior method of taxation. Leading economists, including four Nobel Laureates, agree that a **land value tax** reform would be more fair and give a substantial boost to a city's economic growth. Currently, LVT is allowed by the states of Pennsylvania, New York, Virginia, and Connecticut. Several states now have bills introduced in this legislative session that authorize local option LVT outright, or as a pilot project, or as a study bill.

The Legislature has already demonstrated its support for this incentive approach to property taxation with the Senate's near unanimous passage of an LVT study bill, SB 702, in the 2019 session. A similar version, [HB 2124](#), has been assigned to the House Revenue Committee, where it follows the Housing Productivity Advisory Council's recommendation to enable LVT.

We urge your diligent consideration of and support for HB 2333 and HB 2124, so that your colleagues in the Legislature will have a better understanding of how Oregon's broken property tax system, constrained by Measures 5 and 50, can be restored.