



CITY OF BEND

January 30, 2025

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CITY MANAGER

Eric King

House Committee on Revenue
Oregon State Capitol
900 Court Se. NE
Salem, OR 97301

Re: Support for M5 and M50 Impacts Studies

Dear Chair Nathanson and Members of the House Revenue Committee,

The City of Bend strongly supports studying the impacts of Measure 5 and Measure 50 on local governments, public education, and communities. Property tax reform has been a top priority for Oregon cities for over twenty years. Property taxes are the largest source of revenue for cities and are critical to funding the essential services that cities provide, and Oregonians depend on.

Measure 5 limits the amount of revenue cities and other government entities can raise for critical services and has led to millions of dollars of compression losses every year. Measure 50 changed property taxes from a levy-based system where each taxing district calculated its levy according to community service and budgetary needs to a system that imposed permanent operating rate limits on taxing jurisdictions. This change stripped cities of the ability to adjust levies to meet their needs and react to changes in the market or inflation since property tax values can only grow 3% every year. Bend has one of the lowest property tax rates in the state, and the lowest rate for a city our size.

Measure 50 also separated property tax from Real Market Value (RMV). The City estimates the gap between RMV and Assessed Value (AV) represents a \$67 million loss in general fund revenue this year. Over the last ten years, the City estimates its lost revenue totals over \$307 million. That's revenue that could be used to fully staff the City's Police and Fire Departments or fund the City's street and operations programs without the need for additional fees, or fund affordable housing projects and support economic development.

Because of the impacts of Measures 5 and 50, many jurisdictions in Oregon find themselves seeking levies, bonds or other revenue sources to help fill funding gaps or they face the reality of cutting services. The cost of doing business continually exceeds the annual increases in revenue making maintaining the status quo difficult to impossible. The City has had to increase and add fees and sell assets to meet the demands of a growing city.

We support the Legislature diving into the impacts of M5 and M50 and stand ready to partner with the state to make meaningful property tax reform.

Respectfully,



Melanie Kebler
Mayor



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