



City of Bandon

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Bandon by the Sea

January 30, 2025

House Committee on Revenue
Oregon State Capitol
900 Court Street NE, Suite 200
Salem, OR 97301

RE: Support for M5 and M50 Impacts Tax Force

Dear Chair Nathanson and Members of the House Revenue Committee,

House Bills 2321, 2333, 2334, and 2335 would create task forces to study the impacts of Measure 5 and Measure 50 on disadvantaged communities, local governments, public education, and alternative revenue sources. The City of Bandon strongly supports a state study on the impacts of Measure 5 and Measure 50, as these measures have significantly affected cities. Property tax reform has been a longstanding priority for municipalities since their passage. Property taxes are the largest source of revenue for cities, generating \$1.9 billion in FY 2023-24. They play a vital role in funding capital projects and essential city services, including police, fire, roads, parks, and more.

Measures 5 and 50 are now more than 20 years old. Measure 5 limits the amount of revenue cities and other government entities can raise for critical services, resulting in millions of dollars in compression losses each year. Measure 50 has prevented cities from growing in line with their needs, the market, or inflation, as property tax assessed values can only increase 3% annually. These constraints limit the City's ability to fund essential services, maintain and improve critical infrastructure, and accommodate growth in the form of new housing production.

Bandon's permanent tax rate, at \$0.458 per \$1,000 of assessed value, is the lowest in the State of Oregon among communities with more than 750 residents. It is also the second lowest among cities that provide their own police force. This permanent property tax rate only generates approximately \$237,516 annually, despite the City's combined operating budget of \$39.3 million.

Measures 5 and 50 effectively restrict the City's ability to generate sufficient recurring revenue through property taxes to fund ongoing operating expenses, which continue to increase at a rate far greater than property tax revenue. To ensure the City remains financially solvent and avoids eventual reversion to the County in the future, property tax reform is imperative. This issue poses a significant challenge for small rural cities like Bandon, and we urge you and your colleagues on the House Revenue Committee to take the necessary action to address this pressing concern.

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My fellow City Council colleagues and I support the Legislature's efforts to reform property taxes in the State of Oregon, and we stand ready to assist in facilitating positive change for the benefit of local municipalities and the residents we are entrusted to serve.

Respectfully,

A handwritten signature in black ink that reads "Mary Schamehorn". The signature is written in a cursive, flowing style.

Mary Schamehorn
Mayor

cc: City Council