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January 31, 2025

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

**RE: Support for M5 and M50 Impacts Task Forces**

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 Lebanon strongly supports the state study impacts of Measure 5 and Measure 50 as it greatly impacts cities. Property tax reform has been a longstanding priority for cities since the passage of M5 and M50. Property taxes are the largest source of revenue for cities, with \$1.9 billion collected in FY 2023-24. Property taxes play a vital role in funding capital projects and the essential services that cities provide, including police, libraries, senior services, roads, parks and more.

Measure 5 and 50 are both now more than 20 years old. Measure 5 limits the amount of revenue cities and other government entities can raise for critical services. It has led to millions of dollars of compression losses every year. Measure 50 has not allowed cities to grow with their needs, the market or inflation since property tax values can only grow 3% every year.

Cities like Lebanon face significant revenue challenges due to property tax limitations that have failed to keep pace with rising service costs. Essential services such as public safety, infrastructure maintenance, and community programs rely heavily on property tax revenue. Yet, the constraints of Oregon's tax system—such as capped growth rates and restrictions on resetting assessed values upon sale—have led to funding shortfalls. To compensate, cities have had to introduce fees like our newly minted City Services Fee, placing a greater financial burden on residents while still struggling to meet increasing demands. Allowing communities to adjust their permanent tax rate, reset property values upon transfer, or implement local option levies outside the general government limit and not impacted by

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compression would aid in the development of a sustainable funding model. These reforms would ensure that cities maintain essential services, adapt to inflationary pressures, and give residents a more direct voice in shaping their local government's financial future.

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,



Ron Whitlatch  
City Manager/City Engineer

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