



# INDEPENDENCE

*Oregon's Story Begins Here*

January 31, 2025

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

## **RE: Support for Measure 5 and Measure 50 Impact Task Forces**

Chair Nathanson and Members of the House Revenue Committee,

Thank you for the opportunity to share input on the importance of examining the effects of Measure 5 and Measure 50. House Bills 2321, 2333, 2334, and 2335 would create task forces to examine how these measures have affected local governments, disadvantaged communities, public education, and alternative revenue sources. Given the long-standing challenges posed by these property tax limitations, this analysis is timely and necessary.

As background, property taxes serve as a primary revenue source for local government services, with \$1.9 billion collected statewide in FY 2023-24. These funds support essential services such as police, libraries, roads, and parks. However, the restrictions imposed by Measure 5 and Measure 50 have created significant constraints:

- **Measure 5** caps property tax revenue, resulting in compression losses that reduce available funding for critical services.
- **Measure 50** limits annual property tax growth to 3%, preventing revenue from keeping pace with inflation, economic changes, and increasing service demands.

## **Revenue Challenges in Independence**

Like many communities, Independence faces significant financial constraints. Projections indicate a budget shortfall exceeding **\$775,000 in FY 2025-26**, growing to **more than \$1.3 million by 2027**, and reaching **\$3.3 million by 2028** without structural revenue adjustments. Current property tax revenue stands at approximately **\$2.6 million annually**, yet **the cost of police services alone is \$3.4 million**.

Following the failure of a local option levy in November 2024 to support services such as the Library, Museum, and Parks, some of the difficult options that will be brought to the Council for discussion include:

- Selling city-owned parks to replenish contingency funds.
- Closing the Museum and selling the building.

- Reducing Library services to only a few days per week, relocating operations to conference rooms at City Hall, and leasing out the library building for additional revenue.
- Job losses in general fund positions.

The contingency fund is a critical financial tool, ensuring that operations can continue from July 1 until property tax revenues are received in November and providing reserves for emergency situations. Without sufficient contingency funds, service disruptions, delayed payments, and an inability to respond to unexpected financial challenges become real risks.

### **Importance of Legislative Study**

A thorough evaluation of the long-term effects of Measure 5 and Measure 50 is essential. The constraints imposed by these measures are creating unsustainable financial conditions for many communities, affecting their ability to provide core public services. Exploring potential solutions is a necessary step toward modernizing Oregon's property tax system to ensure local governments remain financially viable.

I appreciate the Legislature's willingness to take a closer look at this issue and the opportunity to provide perspective on the challenges that many communities are facing.

Sincerely,

*Kenna L. West*

Kenna West  
City Manager