



CITY OF
PORTLAND, OREGON

GOVERNMENT RELATIONS

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House Committee on Revenue
900 Court Street NE
Salem, OR 97030

Chair Nathanson, Vice Chairs Reschke and Walters, Members of the Committee,

We appreciate and support Representative Paul Evans' efforts to bring attention to the longstanding impacts of Ballot Measure 5 and 50 on schools, local governments, disadvantaged communities, and alternative revenue sources.

For the City of Portland, property and business taxes make up about 12% of our total annual revenue. While relatively small in comparison to other revenue sources, property taxes largely feed the city's general fund – our most flexible resources. In Portland, this ever-shrinking revenue source largely helps to pay for fire, police and parks services.

In Portland, we are preparing for a significant revenue shortfall in the coming fiscal year with city leaders projecting a gap of nearly \$100 million from all funds. Approximately \$50 million of this is expected to hit the general fund. The anticipated shortfall can be attributed to many factors, among them rising costs, declining property values downtown and tax compression. In this current fiscal year, the City of Portland expects to lose about \$44.2 million due to property tax compression.

Measure 5 and 50 have not only limited the revenue available to local governments and schools, they've created wild disparities between neighbors. This decades-old ballot measures have hampered cities, keeping us from growing alongside the needs of our communities. As such, we stand with the other cities in Oregon asking for a property tax system that is:

- Equitable and based on a market-based property tax valuation system (RMV) rather than the present complex valuation system from Measure 50.
- Fair and adequate. A system that returns to RMV will need to be thoughtfully rolled out with small adjustments made over years, so taxpayers can adjust to the impact of a return to RMV.
- Supportive of local choice. Cities need a system that allows voters to adopt tax levies and establish tax rates outside of current limits to better suit the needs of their communities.

The City of Portland supports the legislature examining the impacts of Measure 5 and 50 and we stand ready to partner in those efforts and in making meaningful property tax reforms.

Sincerely,

Eryn Mitchell
State Relations Manager
City of Portland