



February 21, 2025

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

RE: HB 3287: Property Tax Exemption for Disabled Veterans

Dear Chair Nathanson and Members of the House Revenue Committee,

LOC opposes HB 3287. The bill would increase the current property tax exemption amount for the homestead or personal property of 40% disabled veterans or surviving spouses of veterans from \$25,537 of assessed value (2024-25 tax year) to \$60,000; increase the current property tax exemption amount for the homestead or personal property of 40% disabled veterans with a service connected disability or surviving spouses with from \$30,464 of assessed value (2024-25 tax year) to \$65,000. It also creates a new exemption of \$150,000 of assessed value and another new exemption of 90 percent of assessed value. Currently, the state estimates that the current disabled veterans exemption serves 37,000 residents and costs local governments \$32.2 million in revenue. While LOC wholeheartedly supports veterans and their service to this country. We believe the state should fund incentives for disabled veterans with income tax revenue rather than property tax revenue. Incentives from income taxes will have a more equitable distribution by helping those who do not own property as well as the ones who do.

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, fire, roads, parks and more. They are also a key revenue source for counties, special districts and school districts—providing a portion of the state’s education budget. The current property tax system is broken and in need of repair due to Measures 5 and 50, which are both now more than 20 years old. Measure 5 put 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 for cities. 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 cannot afford to lose any more of this revenue due to a mandate by the Legislature.

We urge you to consider the following amendments to HB 3287:

1. Make this exemption a local option and let communities and their elected officials decide whether to reduce their revenues for this purpose.
2. Provide a means test based on income of those who need an exemption the most. This bill gets removes the current means test.
3. Provide more clarity of what funds will be used by Oregon Department of Veterans Affairs (ODVA) to refund local governments. The bill provides a mechanism, but no appropriation or specific account from ODVA.

Respectfully,

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