



March 11, 2025

Chair Nathanson
House Committee On Revenue
900 Court Se. NE
Salem, OR 97301

RE: City of Eugene Support for HB 3518

The City of Eugene supports the introduced version of HB 3518, with a request for further amendments related to items addressed below. The bill would raise the county recording fee that goes to the County Assessment and Taxation Fund (CATF) and would index that fee to inflation. The bill would also send a set percentage, 0.3%, of all property tax moneys other than bond levies to the same fund.

Based on the proposed 0.3% assessment, Eugene staff projected an annual loss of \$421,000 in property tax revenue based on FY24 data. However, the bill also provides a county with the authority to withhold the local taxpayer delinquent interest payments that normally would be submitted into the statewide CAFFA fund, allowing for those interest payments to stay at the local level. As part of implementing this bill, Lane County Assessment and Taxation (A&T) has committed to sending to the City of Eugene its share of taxpayer delinquent interest payments. Based on FY24 activity, that figure is roughly \$300,000. In summary, the net financial impact to the City is estimated to be roughly \$100K to \$150K per year, based on a variety of variables from property values, interest payments, etc.

The City of Eugene has been meeting with Lane County A&T to discuss potential pathways to support the concepts contained within HB 3158. Although there is a nominal loss in property tax revenue, the larger interest is that Lane County can make improvements to the property tax assessment system and conduct updated assessments on a more routine basis. This increase in activity would likely result in having a more accurate and current basis of land and property improvement valuations within Eugene, thus ultimately increasing the property tax revenue stream. The attached map provides a graphic representation of the number and breadth of properties that are due for updated assessments in Eugene.

As Eugene and other local governments seek to reform and improve the property tax system, it is imperative that all avenues for reform and improvements are addressed. Additionally, Lane County has agreed that under the current framework of the bill, this provision would enable the Assessor's office to expand their workforce by adding approximately 4-6 additional FTE. It would also allow them to explore technological advancements, including a larger scale implementation of a current pilot project to use Artificial Intelligence (AI) tools to help identify priority properties to inspect for reappraisal.

Lastly, we understand that the introduced bill will likely have an amendment, and we have been assured by the bill proponents that, *"Language ensuring that additional funding will not supplant existing county general fund commitments but will instead supplement them. This ensures we are not creating a county slush fund."* Based on these factors, the City of Eugene asks for your support of on-going revisions to HB 3518.

Respectfully,

//submitted electronically//

Ethan Nelson, Intergovernmental Relations Manager

Year of Last Inspection for Residential Properties in City of Eugene

