



March 11, 2025

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

RE: HB 2079: Property Tax Study

Dear Chair Nathanson and Members of the House Revenue Committee,

HB 2079 would prompt the state to study the property tax system. Measure 5 and Measure 50, the base of the current property tax system, have impacts on disadvantaged communities, local governments, public education, and alternative revenue sources.

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, 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 want 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 thoughtful and measured and likely need to make small adjustments year over year so that taxpayers of Oregon can adjust 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 League of Oregon Cities and cities across Oregon support the Legislature delving into the impacts of M5 and M50 and stand ready to partner with the state to make meaningful property tax reform.

Respectfully,

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