

**To: House Committee on Revenue**  
**From: Hasina Wittenberg, Government Affairs Director, SDAO**  
**Re: Feedback on Proposed -2 Amendment to HB 3518**  
**Date: June 10, 2025**

Thank you for the opportunity to provide feedback on the proposed -2 amendment to House Bill 3518. The Special Districts Association of Oregon (SDAO) appreciates the proponent's efforts to respond to the concerns raised in our March 11 testimony. Although testimony was limited to two minutes during the initial public hearing we provided a lengthy written submission for the committee's consideration.

SDAO is supportive of several portions of the -2 amendment that address several of our previous concerns as follows:

- **Reinstatement of General Fund Support:** The appropriation of \$10 million to CAFFA marks an important and necessary recommitment to the state's shared responsibility for a functioning property tax system.
- **Recognition of Legislative Intent and CAFFA History:** The "Whereas" clauses reflect a clear understanding of the CAFFA program's origins and underscore the importance of uniform and accurate assessment and taxation.
- **Improved Transparency and Oversight:** The new reporting requirements in Section 11, including county-by-county data, Department of Revenue implementation plans, and public legislative hearings, are improvements to the previous provisions of the bill that failed to include transparency and oversight.

However, several of our previously stated concerns remain **partially or entirely unaddressed**:

### **1. No Pre-Funding Certification or Financial Health Review**

There remains no upfront requirement for counties to **demonstrate need or submit plans justifying additional funds**. Certification of adequacy under ORS 294.175 is largely focused on expenditure types—not financial condition or systemic performance gaps. SDAO sympathizes with counties that have underfunded A&T programs, but we do not believe that all counties currently require additional resources. If taxing districts are required to "give up" 0.3% of their property tax collections for this purpose counties should individually demonstrate the need for additional funding.

### **2. Need for a County-by-County Needs-Based Funding Model**

Although the reporting structure contained in the -2 is an improvement, the amendment does not include a mechanism to prioritize funding based on demonstrated county need. Without such a filter, revenue from taxing districts—including special districts—will continue to be distributed uniformly, regardless of whether a county is in distress or well-resourced. A one-size-fits-all approach is not appropriate, and funding should be aligned with actual county need.

### **3. Absence of Performance Metrics and Measurable Return on Investment**

We support the amendment's stated intent to improve roll accuracy and service delivery, but the proposal lacks **defined performance indicators** to track outcomes such as:

- Staffing stabilization,
- Reduction in valuation backlogs,
- Enhanced tax roll accuracy, and
- Decrease in legal disputes and revenue loss.

We strongly urge the inclusion of clear metrics and outcomes to evaluate the impact of additional funds.

### **4. Ongoing Burden on Special Districts Without Protective Provisions**

Under the provisions of the amendment, special districts continue to face a mandatory 0.3% revenue diversion, despite being uniquely diverse in size, less able to absorb reductions in revenue and unlike our local government counterparts do not receive state shared revenues. The amendment provides no exemptions, offsets, or consideration of our distinct structural challenges.

### **Suggested Improvements**

We respectfully urge the committee to consider additional modifications to HB 3518, including:

- Adding a **county needs-based allocation mechanism** to target resources where they are truly needed.
- Establishing **performance benchmarks** for counties receiving additional funds.
- Requiring counties to **submit and receive approval for financial and operational plans** before distribution.
- Creating **protections or waivers for low-capacity taxing districts**, particularly small, rural, or all-volunteer special districts.

SDAO remains committed to supporting a strong, equitable, and transparent property tax system. We consider our county assessors an important part of the property tax collection system. The improvements reflected in the -2 amendment are beneficial. We look forward to working on further adjustments to the bill to resolve our additional concerns.

Thank you for your consideration and the opportunity to provide public testimony regarding the -2 amendment to HB 3518.