



March 9, 2023

Senate Committee on Veterans, Emergency Management, Federal and World Affairs

RE: SB 884

The LOC supports the goal of SB 884: to recognize the sacrifice of brave veterans, support disabled veterans and surviving spouses and prevent veterans from becoming houseless.

The LOC joins AOC in supporting SB 884 WITH AN AMENDMENT to a tax credit instead of a property tax exemption.

Property tax revenue is local and funds cities, counties, special districts, and schools. For most taxing districts, property taxes are the largest and, in some cases, their sole revenue source. Local governments have been struggling to keep up with critical services under the property tax system created by Measure 5 and 50, which is overly complicated, inequitable to property owners and jurisdictions alike and precludes meaningful local choice.

Measure 5, passed by voters in 1990 introduced constitutional limits on property tax value for individual properties. It set property tax limits at \$5 per \$1000 value for education and \$10 per \$1000 value for local government. If the total taxes for either education or general government exceed the set limits for a property, then each taxing district has its rate reduced until that limit is reached, what's known as compression loss. According to the Department of Revenue, tax year 2021-22 compression losses totaled about \$152 million.<sup>1</sup>

Measure 50, passed in 1997, reduced property taxes by switching from a levy system to a permanent rate system, reducing assessed values and limiting how much assessed value can grow. Since the passage of Measure 50, increases in assessed value are limited to 3% a year.<sup>2</sup>

Property Tax reform is an organizational and longstanding priority for LOC and we welcome the legislature's help in making this goal a reality.

While the LOC works on wholesale property tax reform, we ask the legislature to consider tax credits to support disabled veterans and surviving spouses.

LOC Contact: Lindsay Tenes | [ltenes@orcities.org](mailto:ltenes@orcities.org)

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<sup>1</sup> <https://www.oregon.gov/dor/programs/gov-research/Documents/Oregon%20Property%20Tax%20Statistics%20Fiscal%20Year%202021-22%20-%20web.pdf>

<sup>2</sup> <https://www.oregon.gov/DOR/programs/gov-research/Documents/303-405-1.pdf>