



JACKSON COUNTY

oregon

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Oregon State Legislature
House Committee on Rules

RE: Support for House Bill 3499 (2025)

Dear Chair Bowman, Vice-Chair Drazan, Vice-Chair Pham, and the Members of the House Committee on Rules:

Jackson County appreciates the opportunity to provide testimony in support of Oregon House Bill (HB) 3499 (2025). On the surface, urban renewal plans and the tax increment financing used to fund the projects within these plans appears to be a sound idea to leverage property tax revenue to pursue projects aimed at reducing and eliminating blight in our communities. However, urban renewal plans, and especially the tax increment financing used by these plans, have become a tremendous burden on the affected taxing districts who lose their much-needed property tax revenue for an urban renewal agency to pursue projects over which the affected taxing districts generally have no say. As it currently exists, municipality, in almost all cases, can implement a tax-increment financed urban renewal plan and shift millions of dollars in much needed property tax revenue from affected taxing district without the consent of the affected taxing district.

In Jackson County, over the past 10 years, over \$50,000,000 in property tax revenue has been diverted from affected taxing districts to be used to fund urban renewal within our county. In 2023, the City of Medford's urban renewal agency alone diverted over \$4,300,000 from other taxing districts to find its urban renewal plan in that year alone. The County, as an entity, over the past 10 years has had nearly \$7,500,000 in property tax revenue diverted from providing County services to fund urban renewal projects, including over \$1,000,000 in just 2023. This is the property tax revenue critically needed by the affected tax districts to fund schools, fire districts, rural law enforcement, libraries, and all of the other services our residents rely upon. In 2023, the over \$1,000,000 diverted from use by the County could have otherwise funded six deputy sheriff positions to support law enforcement in our County that year, which could not be funded because the revenue was taken by urban renewal agencies instead.

As such, Jackson County strongly supports amendments to Chapter 457 of the Oregon Revised Statutes (ORS), including those proposed by HB 3499, to address these concerns. The provisions of HB 3499 requiring a vote of the citizens of the municipality provides at least the beginning of a system of checks on the authority of citizens to divert money from other taxing districts in pursuit of urban renewal. But, with that said, Jackson County believes that HB 3499 does not go far enough and additional checks on the authority of cities to divert money from other taxing districts is needed, and such a system of checks already exists, in some situations, within the structure of Chapter 457.

Currently, ORS 457.089 requires the consent of three of the four taxing districts expected to forgo revenue due to a tax-increment financed urban renewal plan to consent to the inclusion of a public building in an urban renewal plan. Jackson County believes that this consent requirement should be expanded, at a minimum, to requiring the consent of three of the four most impacted taxing districts to consent to the creation or amendment of any urban renewal plan, and that failure to obtain such consent result in the urban renewal plan not being created or amended. The County believes that the entities who will ultimately pay for the projects financed by an urban renewal plan should have a voice and decision making in whether or not they will have to forgo that revenue.

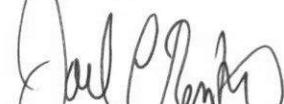
This is needed as Jackson County has seen several urban renewal agencies in our County fund, what appears to be basic city functions, using the revenue diverted from Jackson County. The City of Jacksonville proposed to purchase a fire engine and build a municipal water tank with urban renewal funds diverted from Jackson County and the other affected taxing districts. The City of Talent proposed to fund curb, gutter, and sidewalk construction in the right-of-way within their city as a function of urban renewal. Under the current urban renewal statutes, cities are funding what we believe as basic city functions – firefighting, municipal water, and street improvements – using what would otherwise be County revenue, while the County in fiscal year 2025-2026 proposed budget is reducing the number of sheriff's deputies that are funded due to a lack of ongoing operating revenue to pay for deputies. And, both of these proposals did and would have moved forward regardless of whether or not the County consent to forgo sheriff's deputies for fire engines, water tanks, or sidewalks.

Further, the County is not the only taxing district negatively affect. For example, when the City of Talent proposed a new urban renewal plan, Jackson County Fire District No. 5 indicated that the creation of that urban renewal plan and its tax-increment financing jeopardized the ability of the District to provide basic firefighting services – so great would the diversion of property tax revenue been. The outcry from the citizens was so strong that the City of Talent sent the proposal to an advisory vote of its citizens, who strongly rejected the proposal. The City of Talent respected the citizens vote and did not move forward with adopting that urban renewal plan – but under the current ORS, the City had the authority to adopt it anyway.

Thus, the ORS should be amended to require that municipalities get the consent of the other taxing districts before spending those taxing district's revenue.

Thank you, again, for the opportunity to provide testimony on this very important topic.

Sincerely,



Joel C. Benton
County Counsel