



April 29, 2025

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

RE: HB 3823 - Property Tax Exemption for Generated and Stored Energy

Dear Chair Nathanson and Members of the House Revenue Committee,

LOC opposes HB 3823 as introduced. The bill would create a property tax exemption for any energy technology installed on the premises of a business or a residence to generate energy in any form, or to store the energy generated, to the extent the energy is used onsite by the business or residence. While LOC supports the goal of having reliable and renewable energy sources, we do not believe it should be paid out of the property tax system unless it is a city option.

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 cannot afford to lose any more of this revenue due to a mandate by the Legislature.

We urge you to consider amending HB 3823 to make this exemption a local option and let communities and their elected officials decide whether to reduce their revenues for this purpose. Additionally, there should be a means test for businesses, so this benefits small businesses rather than large corporations. This exemption should not be applied to energy intensive businesses or data centers.

The LOC has been engaged with Rep Gomberg’s office regarding their intentions for the bill and our concerns about the base bill. We want to thank him and his office for listening to and addressing those concerns in a discussion draft amendment. We look forward to seeing the final language and will reevaluate our position once it’s posted.

Respectfully,

Jenna Jones
League of Oregon Cities
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