

February 22, 2016

The Honorable Mark Hass, Chair  
Members of the Senate Committee on Finance and Revenue

Dear Chair Hass and Members of the Committee:

This letter is an extension of Gresham's written testimony dated Feb. 15, 2015 in opposition to SB 1545, which would allow for the formation of Children's Special Districts. As previously mentioned, the unintended consequences under Measure 5 "compression" caused by adding an additional special district designation could be significant. Not only could compression restrict revenue to local government agencies and educational institutions, but it could also cause a financial impact to the State of Oregon.

For purposes of scale, if a Children's Special District were approved in Multnomah County at a permanent rate of \$1.00 per \$1,000 TAV (categorized as general government), the City of Gresham estimates that, for tax accounts within the municipal boundaries of Gresham alone, general government compression losses would total approximately \$1 million. To be clear, these losses would hamper Gresham's ability to provide police, fire, emergency services, economic development, and in many cases, parks and recreation programming for children. The other general government agencies operating within the hypothetical district would also see losses impacting their ability to carry out their missions as well.

If the hypothetical permanent rate mentioned above were categorized as education for Measure 5 purposes, the compression losses to educational jurisdictions in Gresham (for tax accounts in Gresham alone) would be approximately \$2.5 million. In the cases of k-12 education, these compression losses could result in an increased burden on the State of Oregon to backfill education revenue for the local districts via equalization.

Further, as an increasing number of properties become compressed under the scenario above, the amount of revenue remaining for general government and/or educational jurisdictions to pursue via local option levies would be significantly reduced, exacerbating the existing problem and creating even greater dysfunction within Oregon's property tax system. The intent of helping children in Oregon is certainly a noble endeavor, but essentially shifting tax resources away from existing agencies in order to form new ones isn't the best way to achieve solutions in the long run.

Sincerely,



Eric Chambers  
Government Relations Director