



Susheela Jayapal

Multnomah County Commissioner, District 2

To: Senate Committee on Finance and Revenue
From: Susheela Jayapal, Multnomah County Commissioner
Date: Wednesday, February 20, 2019
Re: Legislative Testimony on SJR 2

Good afternoon Chair Hass, Vice-Chair Bentz and members of the committee,

My name is Susheela Jayapal and I am the new Multnomah County Commissioner for District 2, North and Northeast Portland. Thank you for allowing me time to talk with you about SJR 2.

Rhys has laid out — and all of you already know — the inequities created by our property tax system. A system that has two homes with similar market values paying significantly different amounts in property taxes is — simply put — unfair.

In Multnomah County, we see this unfairness playing out between properties within blocks of each other — perhaps one was in terrible condition back in 1995, when the rates were locked in, and so it's now paying taxes on a far lower assessed value than a nearby home that had a higher valuation at the time.

And we also see it playing out between neighborhoods that have experienced rapid gentrification — where values back in 1995 were relatively low, and have since skyrocketed — and those where values have not risen as dramatically. This form of inequity correlates strongly with the displacement of communities of color across the county. As property values have risen in those rapidly gentrifying neighborhoods — particularly on the inner east side, in my district — people of color have been pushed farther out, to East Portland or East County neighborhoods where the ratio of AV to FMV is much higher. The net result is that those communities of color — who are also predominantly lower income — are paying proportionately more in property taxes than the more affluent folks who have moved in to the gentrified neighborhoods.

So the system is not only unfair, in that there are discrepancies in the rates at which equivalent properties are taxed; but it's also a system that, in many cases, falls most heavily on lower income people, and people of color.

For all these reasons, and more, we need to reform our system.

SJR 2 is a step in the right direction. By bringing assessed values closer to fair market values, and establishing a minimum ratio, it decreases these inequities.

Multnomah County Commissioner, District 2

There are some details, however, that I think need further consideration.

First, the phase in period. This bill has a phase in plan of five years. In that five years many of my constituents would see their taxes increase by more than 200%. Incomes have not risen nearly as rapidly as property values, and that large a year-over-year increase would be difficult for many of my constituents, and homeowners across the state, to deal with. And that large and rapid an increase would create a significant backlash, which would reduce likelihood of passage by voters. I would strongly urge consideration of a substantially longer phase-in period, to ease transition to a new system.

And second, we need to consider the impact of these sorts of changes on homeowners who live on fixed incomes, and on low-income renters at risk of further displacement as the result of a pass through of property tax increases. These low-income homeowners and renters would be at risk of losing their homes if we don't provide a mechanism for relief. And this is true state-wide, as well. We need to make sure that we protect people who have spent years paying off their mortgages so that they can live comfortably as they age. The homestead exemption proposed in this bill provides some relief, but I believe we ought to consider more direct, means-tested relief.

In conclusion: property tax reform is necessary for Multnomah County, and for counties across the state. It's necessary because the system we adopted with Measures 5 and 50 had unintended -- and inequitable -- consequences. As we move forward with reform, I ask that you consider these changes to make sure that we don't create further unintended consequences.

Thank you,

