Oregon's Property Tax System Is Broken *It's Time to Fix It.*



League of Oregon Cities
[Presenter name, title]

LOC
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Oregon’s property tax system is structurally broken, and it’s making it harder every year for cities to fund the services residents count on.

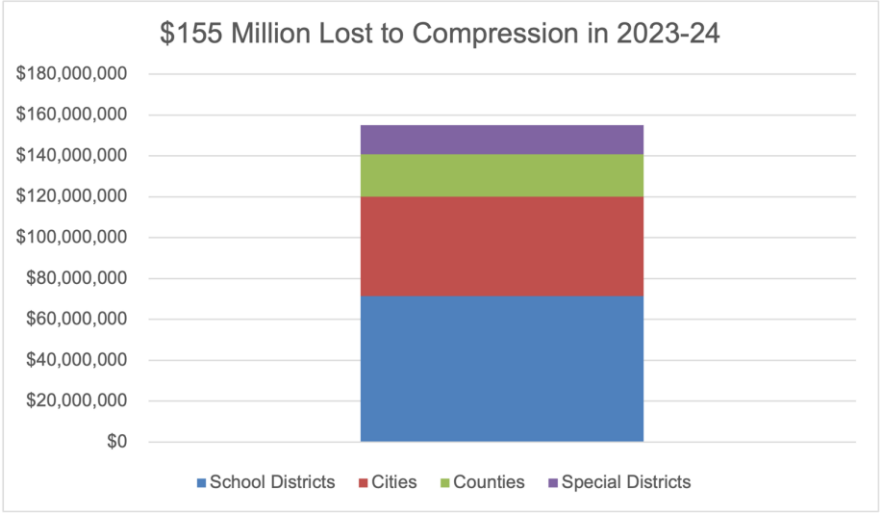
Oregon’s property tax rules haven’t changed in 30 years



- Before 1990, Oregon’s property tax system tracked closely with local budgets and real market values.
- Measure 5 (1990) capped property tax rates. Measure 50 (1997) capped how fast assessed values can grow and froze city tax rates at their 1997 level.
- These rules haven’t been updated in more than thirty years.

Revenue caps and compression create local budget challenges

- When a district's combined tax rate would exceed Measure 5's constitutional limit, state law forces an automatic cut called "compression."
- In FY 2023-24, 182 of Oregon's 241 cities, and 35 of 36 counties, lost revenue to compression.
- Statewide, compression cost cities, counties, schools, and special districts about $155 million that year alone.



Source: League of Oregon Cities, 2025 City Property Tax Report

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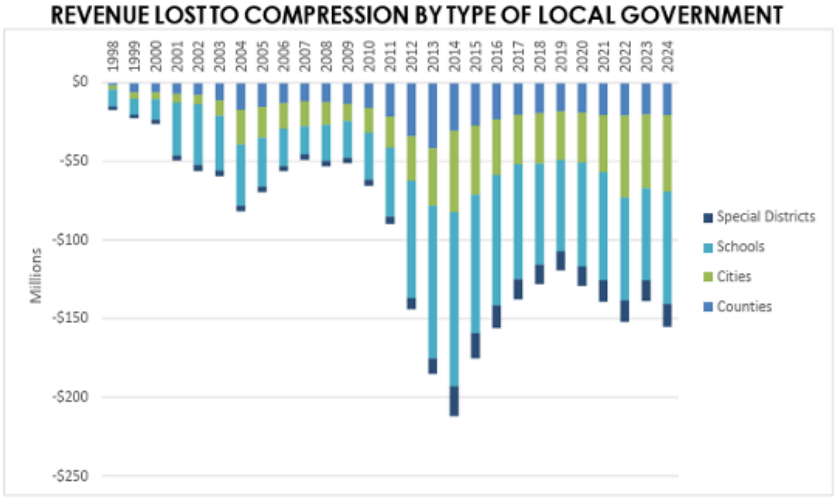


Figure 7: Revenue Lost to Compression by Type of Local Government, FY 97-98 to present

Source: League of Oregon Cities, 2025 City Property Tax Report

Rural communities are feeling it first and worst

Only 34% of rural Oregonians say local governments have the funding needed for quality public services. *(DHM Research, July 2026)*

"We don't generate enough revenue to support the services people expect."
– City Councilor, Oregon Coast

"We no longer have a police force in this town. It's gone. Our schools keep going down more. We used to have code enforcement. We used to have animal control. All of these are being closed due to lack of funding."
- Union resident

"Libraries and schools are taking a cut because of funding…I know Warrenton doesn't have anything for kids, as far as recreational services and the library."
- Warrenton resident







Cities have been cutting for more than a decade

"Each year property tax limitations (West Linn has an extremely low frozen rate) drive us closer to deficit mode. Our projected shortfall in 5 years is the largest ever."

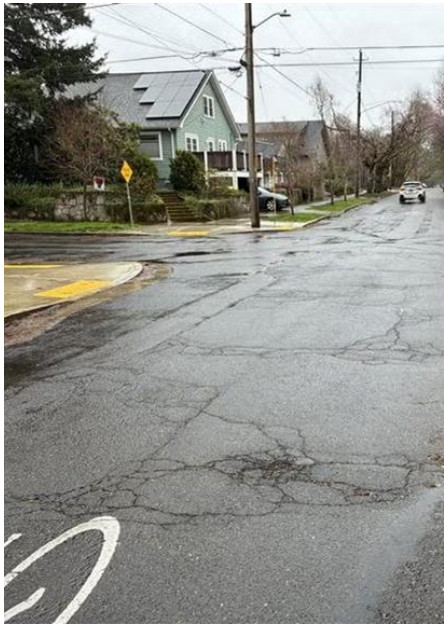
– *West Linn city staff*

"The city is being forced to hire consultants to comply with housing code mandates and DEQ mandates and OSHA compliance. Small towns do not have the personnel capabilities and financial resources to keep up with all the requirements… who is going to plow the roads and do the water and sewer testing?"

– *John Day city staff*

"We were unable to renew our contract with the County Sheriff's Office… [The City Manager] and the Assistant City Recorder took temporary pay cuts. We are unable to hire anyone part-time to help with planning due to funding."

– *Chiloquin city staff*



Source: 2025 State of the Cities, League of Oregon Cities

Service cuts across Oregon

- **Baker City** has eliminated ambulance service and cut police and finance positions.
- **Gold Hill's** entire annual property tax revenue doesn't cover one full-time employee with benefits; the city has no police department.
- **Newport's** aquatic center is often closed because there's no staff to keep predictable hours.
- **Salem** cut library hours, including eliminating Sunday service downtown.
- **Eugene's** general fund has shrunk by over $45 million since 2009.

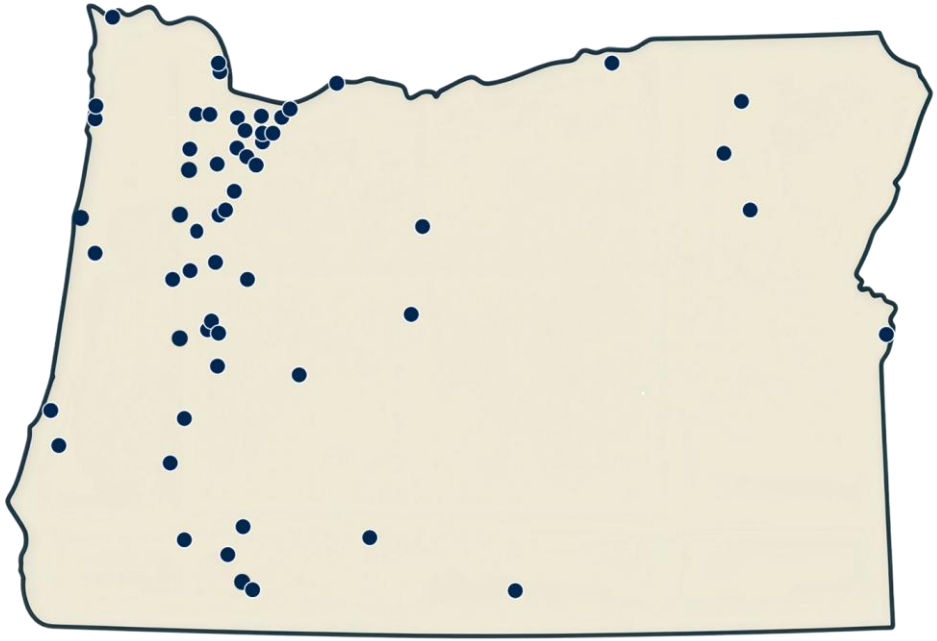
Service cuts across Oregon

- **Albany** cut fire, library, parks, and police services before adopting a new city fee to stabilize its budget.
- **Beaverton** residents are seeing higher fees as the city faces a cash crunch it can’t fix on its own.
- **Portland** made cuts to parks and police in 2026, including laying off nearly 100 city workers.

Oregon cities facing budget deficits or service cuts

At least 60 Oregon cities have reported budget deficits or cuts to staff and services since 2023, including public safety, fire, libraries, parks and pools.

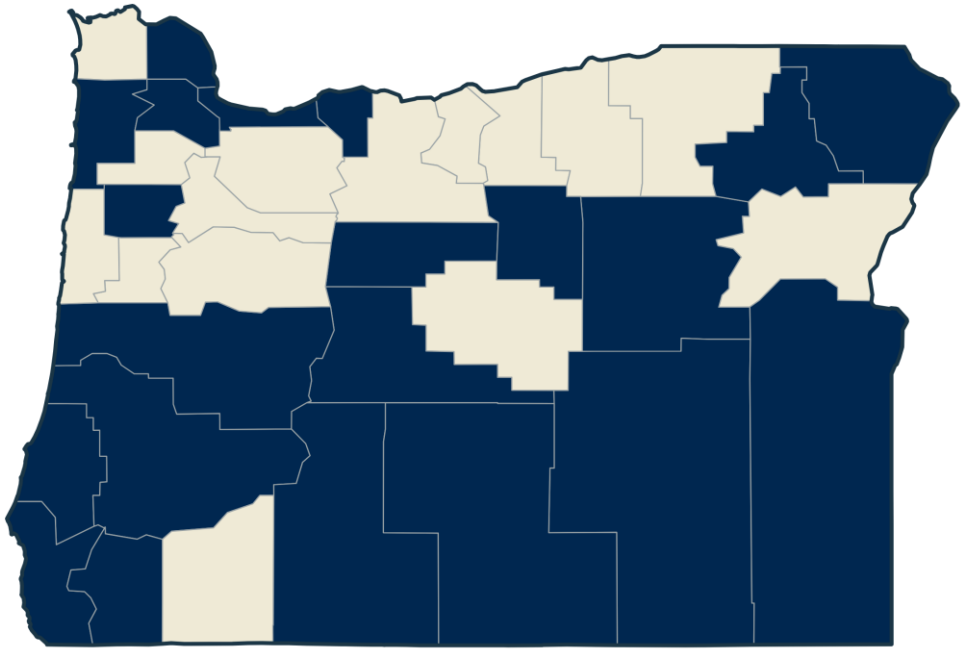
Sources: City budget documents; local news coverage; League of Oregon Cities



**Map is approximate.*

Oregon counties facing budget deficits or service cuts

At least 21 of Oregon's 36 county governments, are facing budget deficits, driving service cuts.



Sources:
Association of Oregon Counties,
OPB News

**Map is approximate.*

Unfair by Design

Similar home values, very different property tax bills



Unfair by Design

The corporate loophole

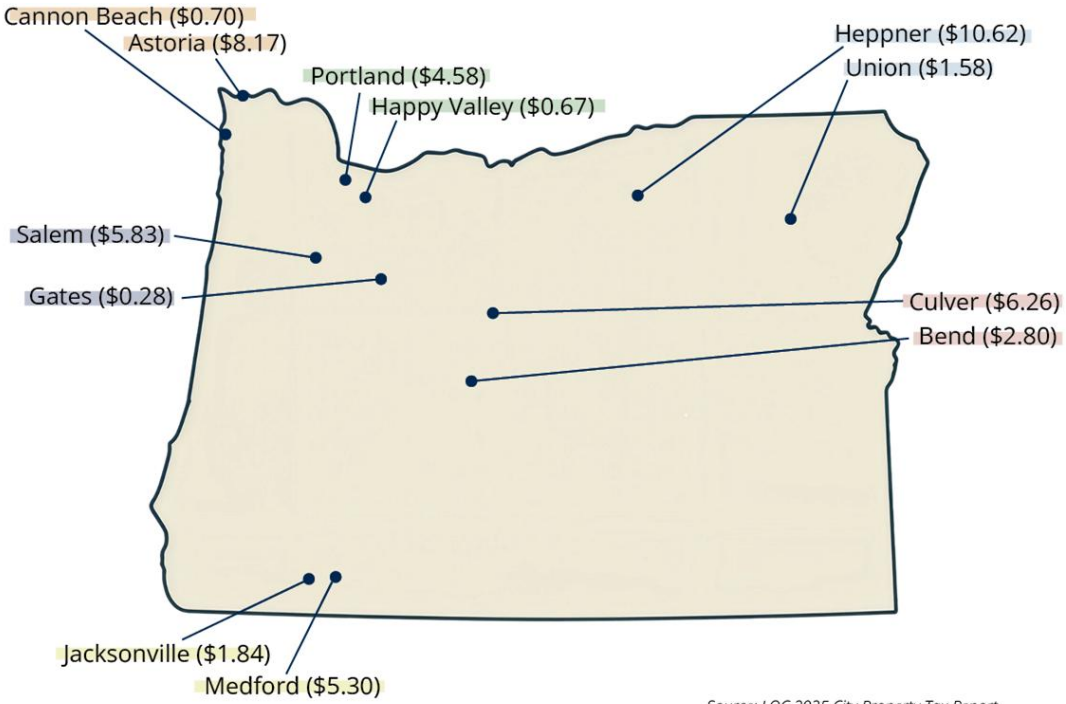
Some commercial properties pay property taxes on less than half their real market value.



Unfair by Design

Property tax rate disparities across Oregon

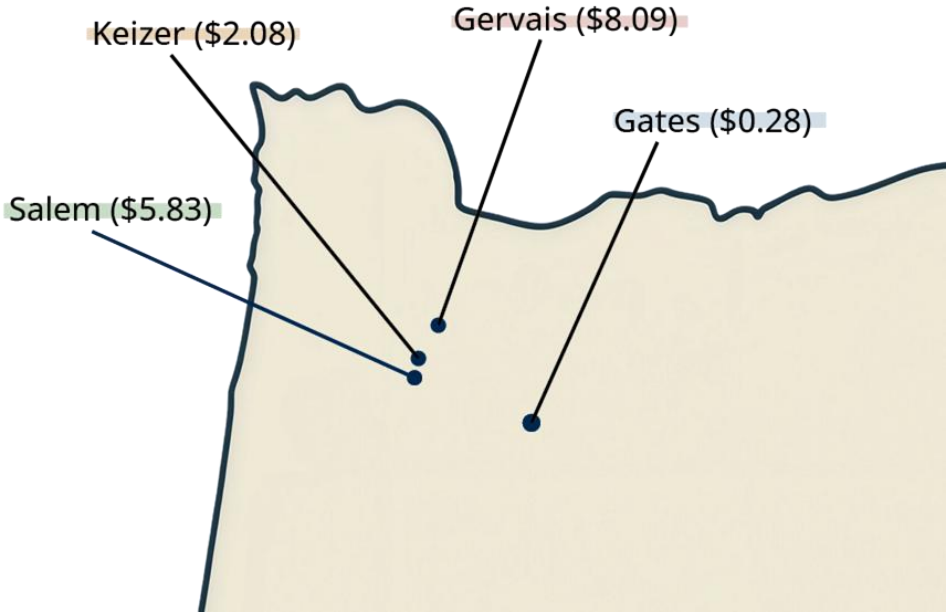
Permanent tax rates per $1,000 of assessed value.



Source: LOC 2025 City Property Tax Report

Unfair by Design

Neighboring cities, very different tax rates



Permanent tax rates per $1,000 of assessed value.

“I did not realize that the rates had been set in 1997… That needs to be reassessed.”

- Grants Pass resident

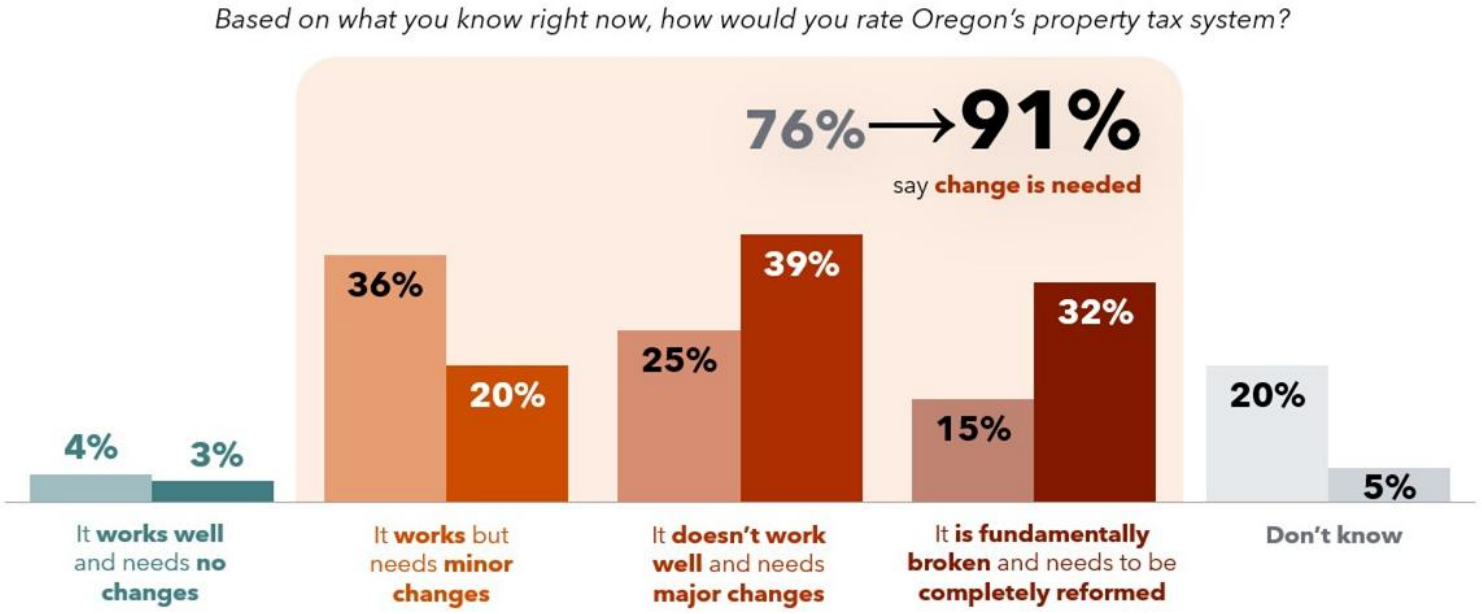
Source: DHM Research focus groups, 2026.

Unfairness and service cuts drive statewide concerns

Over 80% of Oregonians are concerned that:

- Large corporations pay property taxes under the same outdated rules as homeowners
- Neighbors in similar homes can pay very different tax bills
- Local governments lean more heavily on fees and charges than most other states, meaning lower income households with pay a larger share of their income
- Cities across the state to cut the services residents depend on

9 in 10 Oregonians want change once they learn how the system works



What we heard in focus groups

- Lead with impacts on people, not government.
- For residents, revenue is only half the problem. Responsible spending and budget accountability is the other half.
- Voters understand that property tax reform needs to be part of a bigger package.

Oregonians deserve a fair tax system that delivers for our communities

- Small adjustments won’t be enough.
- Comprehensive tax reform is our only way to untangle this mess and ensure taxpayers are treated fairly.

”It’s broken and you need to go back to the beginning and revamp the system in its entirety.”

- Milwaukie resident

”It needs a total overhaul to make it fairer for everyone.”

- Albany resident

Thank you.



[Name]
[Phone]
[Email]

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