

Oregon's Property Tax System



History of Oregon's Property Tax System

1990 to Current

- ✓ Levy Based System - 1990
- ✓ Levy Based, Rate Limited System - 1991 to 1996
- ✓ Rate Based System – 1997 to Current

Levy Based System

- Prior to 1991
- District's allowed to increase levy by a maximum of 6% per year
- District's allowed greater than 6% with voter approval
- Levy adjusted by offsets (such as timber revenue) prior to calculating a tax rate
- Rate calculated based on net levy divided by total assessed value for the district

Previous Year Levy	\$100,000
Maximum Increase	X 1.06
Current Year Levy	\$106,000
Offset Revenue	-\$6,000
Net Tax Levy	\$100,000
Assessed Value	\$200,000,000
Rate Per Thousand	0.5000

Levy Based System

 Increase  Decrease

When market values increased, the rate decreased

When market values decreased, the rate increased

 Decrease  Increase

Assessed value of property was the real market value of structures and land that was not subject to special assessment plus the specially assessed value of land that was under farm or forest deferral.

Levy Based, Rate Limited System

- Measure 5 Property Tax Limitation Measure passed by voters in November 1990
- Created two categories of Property Tax, General Government and Education
- Beginning in 1991, General Government consolidated rate limited to \$10.00
- Education consolidated rate limit was phased in at \$15.00 in 1991, \$12.50 in 1992, \$10.00 in 1993, \$7.50 in 1994 until it reached its current rate limit of \$5.00 in 1995
- State required to backfill School District funding only

Levy Based, Rate Limited System

- Districts were still able to increase levy by 6% or more than 6% with voter approval
- Properties located in tax code areas whose general government or education rate exceeded the limits imposed by Measure 5 had their taxes compressed by reducing proportionately the tax amount to be received by each district within that category
- Compression results in a loss of revenue for taxing districts
- Voter approved bonded debt levies are excluded from consolidated rate limits

Levy Based, Rate Limited System

Compression

1993-1994 Categorized Consolidated Rates for
Tax Code Area 05-01 (City of Clatskanie)

Tax Code 05-01	Education	General Government	Bonded Debt
Full Consolidated Rate	11.5812	10.3647	0.3915
1993 Rate Limit	10.0000	10.0000	Non-Limited
Rate Loss	1.5812	0.3647	0.0000

Levy Based, Rate Limited System

Compression Example:

Compression Loss of Tax Revenue for Columbia County
Based on a Property Assessed at \$100,000 for the 1993-94 Tax Year:

Total General Government Tax at Full Rate	$100,000 \times 0.0103647$	\$1,036.47
Total General Government Tax at Rate Limit	$100,000 \times 0.0100000$	\$1,000.00
Total Compression Loss	$\$1,036.47 - \1000.00	\$36.47
Ratio of Rate Limited Tax to Full Rate Tax	$\$1,000.00 / \$1,036.47$.9648133
Columbia County Tax Revenue at Full Rate	$\$100,000 \times .0010922$	\$109.22
Columbia County Proportional Tax at Rate Limit	$\$109.22 \times .9648133$	\$105.37
Columbia County Compression Loss	$\$109.22 - \105.37	\$3.85

Rate Based System

Measure 50, a Major Property Tax Reform Measure, was approved by voters in May 1997

- Created a Maximum Assessed Value for all properties
- The measure included an average 17% cut in all districts' property tax revenue from 1996 to 1997
- A permanent tax rate was calculated for each district in 1997
- The tax rate is applied to the assessed value of each property, which is the lower of the Real Market Value or the Maximum Assessed Value
- Measure 50 did not repeal the consolidated rate limits of Measure 5
- Allows voters to approve temporary local option levies

Rate Based System

Permanent Tax Rate



- Applies only to operating levies
- Constitutional changes by Measure 50 prohibits Districts from levying more than their permanent tax rate, and does not allow Districts to ask voters for an increase in their permanent rate
- Calculated based on property tax revenue after offsets with no provision for replacement of offsets (such as timber revenue) should they no longer be available
- Bonded debt levies are excluded from permanent tax rates

Rate Based System

Maximum Assessed Value (MAV)

- Established in 1997 as the 1995 Assessed Value less 10 percent
- Allowed to increase no more than 3 percent each year unless major construction (greater than \$10,000 in one year or \$25,000 over five years) occurs on property
- New property establishes MAV by applying a Changed Property Ratio (CPR) which is the ratio of the average MAV over the average RMV of unchanged similar property types countywide (not greater than 1.00) to the RMV of the new property
- MAV may be very different on properties with similar real market values

Rate Based System

Assessed Value

- MAV is calculated annually for each property by taking the greater of the previous year Assessed Value (AV) times 1.03 or the previous year MAV
- RMV is calculated annually using current market cost factors and trends
- AV is the lower of RMV or MAV

$$\sqrt{2^1 + 2 \cdot 3} \cdot 5^2 = 101_2 = 5_{10}$$

Rate Based System

Consolidated Rate Limits

- Consolidated Rate Limits are always tested against the RMV of a property
- Compression will occur if consolidated rates are above the rate limits and a property's RMV is close to or below its MAV
- Recent decline in Real Market Value has greatly increased compression loss

Rate Based System

Local Option Levies

- Can be used for operating purposes
- Must be approved by voters
- Cannot exceed five years
- Subject to compression before permanent operating levies are impacted



Columbia 911 Summary of Assessment and Levies (SAL) Table 4a

Impact of Compression on Local Option Levy

- Permanent Operating Revenue Compression Loss is 1/3 of 1 percent of the Taxes Extended
- Local Option Operating Revenue Compression Loss is 5 ½ percent of the Taxes Extended

**TABLE 4a -- DETAIL OF TAXING DISTRICT LEVIES
TAX YEAR 2012-2013**

County: COLUMBIA

April 02, 2013 11:57 AM

- 1 Taxing District Code
2 Taxing District Name
3 Counties in which District lies

015
COL 9-1-1 COMM DISTR

- 4 Levy Approved Before or After 10/6/01

PERMANENT	LOCAL OPTION	"GAP" BONDS or UR SPECIAL LEVY	BONDS	
Inside M5 Limit	BEFORE Inside M5 Limit	Inside M5 Limit	BEFORE Outside M5 Limit	TOTAL
0.00				0.00
	0.00			0.00
		0.00		0.00
		0.00		0.00
			0.00	0.00
0.00	0.00	0.00	0.00	0.00

- Ad Valorem Tax Levies**
5 Permanent Levy (if dollar amount)
6 Local Option Levy (if dollar amount)*
7 "GAP" Bond Levy
8 Urban Renewal Special Levy
9 Bond Levy

- Adjustments**
11 Amount Raised in Other Counties
12 Net Dollar Levy for Tax Rate (line 9 minus line 10)

0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00

- Taxable Property Value**
13 Total Taxable Assessed Value
14 Add: Nonprofit Housing Value
15 Add: Fish and Wildlife Value
16 Subtract: Urban Renewal Excess (amount used only)**
17 Value to Compute the Tax Rate

				4,109,952,807.00
				904,890.00
				2,254,045.00
				16,191,256.00
				4,096,920,486.00

- Tax Computations**
18 Tax Rate (for dollar levies, line 12 divided by line 17)***
19 Amount Tax Rate Will Raise (line 17 times line 18) ...
20 Truncation Loss (line 19 minus line 12)
21 Total Timber Offset Amount (county district only)
22 Timber Tax Rate (line 21 divided by line 17)
23 Billing Rate (line 18 minus line 22)
24 Calculated Tax for Extension for District (line 23 times line 17)
24a Gain from UR Division of Tax Rate Truncation
24b Gain or Loss from UR Division of Tax Across Counties
24c Net Tax for Extension (24 + 24a + 24b)
25 Actual Tax Extended for District
26 District's Gain or Loss from individual Extension (25-24c)
27 District's Compression Loss (enter as a negative number)****
28 District Taxes Imposed (line 24c+ line 26 + line 27) .

0.0002554	0.0002900	0.0000000	0.0000000	0.0005454
1,046,353.49	1,188,106.94	0.00	0.00	2,234,460.43
0.00	0.00	0.00	0.00	0.00
0.00				0.00
0.0000000				0.0000000
0.0002554	0.0002900	0.0000000	0.0000000	0.0005454
1,046,353.49	1,188,106.94	0.00	0.00	2,234,460.43
5.19	0.24	0.00	0.00	5.43
0.00	0.00	0.00	0.00	0.00
1,046,358.68	1,188,107.18	0.00	0.00	2,234,465.86
1,046,360.60	1,188,112.13	0.00	0.00	2,234,472.73
1.92	4.95	0.00	0.00	6.87
-3,947.10	-65,274.12	0.00		-69,221.22
1,042,413.50	1,122,838.01	0.00	0.00	2,165,251.51

Rate Based System

Urban Renewal

- Two Urban Renewal Districts in Columbia County
- Rainier Waterfront (REDCO)
- Port Westward (CCDA)
- Districts within the Urban Renewal boundaries receive revenue only from the total value (frozen value) of the Urban Renewal District at the time it was formed
- Tax Revenue received from assessed value above the frozen value is retained by the Urban Renewal Districts to pay off debt associated with encouraging growth

Columbia County Property Tax Revenue

Columbia County Property Tax Revenue History

Year	Assessed Value	Urban Renewal Excess Value	Net Assessed Value	Revenue Before Compression	Compression Loss	Net Revenue	Percent Change
2008-09	3,865,831,045	25,659,309	3,840,171,736	5,359,612.16	8,533.38	5,351,073.94	
2009-10	3,993,491,030	20,417,923	3,973,073,107	5,545,192.43	13,407.04	5,531,784.56	+3.38
2010-11	4,085,273,311	62,486,913	4,022,786,398	5,614,598.27	13,642.13	5,600,955.39	+1.25
2011-12	4,058,366,509	16,205,605	4,042,160,904	5,641,252.49	17,850.29	5,623,400.81	+0.40
2012-13	4,113,111,742	16,191,256	4,096,920,486	5,717,673.98	21,567.72	5,696,106.26	+1.29

Columbia County Permanent Tax Rate is \$1.3956 per \$1,000 Assessed Value

Tax Reform?



- Any major tax reform would have to be approved by voters since it would change the Oregon Constitution
- Voters are unlikely to approve a tax reform measure that will increase their property taxes especially in today's economy

- Most 'fixes' to the property tax system by legislation have resulted in a property tax decrease to the property owner and loss of revenue to taxing districts
- Legislative focus has been to find other sources of funding or ways to streamline and regionalize some services



More Information

Publication: **Recent History of Oregon's Property Tax System** by Tom Linhares

Available on the Assessor's Home Page of Columbia County's Website

<http://www.co.columbia.or.us/departments/assessors-office/assessors-home>