

Issue Briefing

Subject: Funding
Program: Property tax

Date: November 2009
DOR Contact: Jim Bucholz
Phone # 945-8670

Executive Summary

Oregon's property tax system is facing its most serious challenge in 20 years.

This briefing paper provides an overview of the issues, the history and the current funding for the county assessment and taxation program.

The decline in the economy and the pending elimination of federal forest funding will create a funding crisis for many counties that will jeopardize administration of the property tax system. This is of state concern because the property tax funds local governments that provide core services, including a significant share of the funding for K-12 education in this state.

State mandates for county property tax administration continue to increase; at the same time state resources for this program have declined. In addition, increasing numbers and types of tax exempt property create service demands for all local governments without providing resources to pay for those services.

Counties are limited from asking taxpayers to update tax levies to replace lost revenue streams due to constitutional permanent rate limitations. For many counties, the only viable alternative is to make budget cuts that eliminate the staff and resource needed to assess and collect taxes for the approximate 1400 taxing districts in Oregon.

Oregon statutes require the state to assume county responsibilities for administering some local functions of the property tax if a county is unable to adequately perform its duties. The Department of Revenue cannot afford to assume these responsibilities without additional resources.

Ideas for cost sharing have been discussed as recently as the 2009 legislative session with no action taken.

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Issue: County Property Assessment and Taxation (A & T) Funding

Background:

County A & T responsibility

Since before Oregon was a state Oregon counties have had a legislatively mandated responsibility for administering the property tax. This service has been provided traditionally at no cost to the benefited local government districts, including K-12 education and community colleges. Counties are statutorily mandated to provide property tax assessment and collection services to all local governments similar to the Department of Revenue's role in assessing and collecting the state's income tax for the state's general fund in support of state services.

Local Government reliance on the Property tax

The property tax is one of the most important sources of revenue for approximately 1,400 local government taxing districts in Oregon. It is projected to raise approximately \$10 billion in the 09-11 biennium. Property tax revenue supports essential government services including education, public health, police and fire protection, and city and county administration. Property taxes are a reasonably stable source of funding that will decrease the demand on state general funding for education by \$4.2 billion this biennium. Urban renewal agencies depend on the property tax to pay the premiums on the bonded indebtedness they have incurred. Absent the certainty of these revenues, the agencies will default on their debt service. Cities have a variety of other revenue generation avenues, but the property tax is the most significant resource. For special districts, the property tax is the only source of available revenue.

State Reliance on the Property Tax

The property tax generally funds the same broad categories of services as the state general fund, namely education, public safety and human services. The services funded by the property tax however tend to be those most effectively delivered at the local level. For example, instead of state police, it's city police and county sheriffs. Instead of the state penitentiary, it's jails and community corrections. Notably, 44 cents of every property tax dollar and 54 cents of every personal income tax dollar go to fund the state educational system. Many of the services provided through the property tax would have to be provided by taxes that currently go to the state general fund if not for the property tax system.

Why is county funding for the A & T function in jeopardy?

In recent years, county funding for all programs, not just the A & T functions, has been weakened.

Seven primary reasons:

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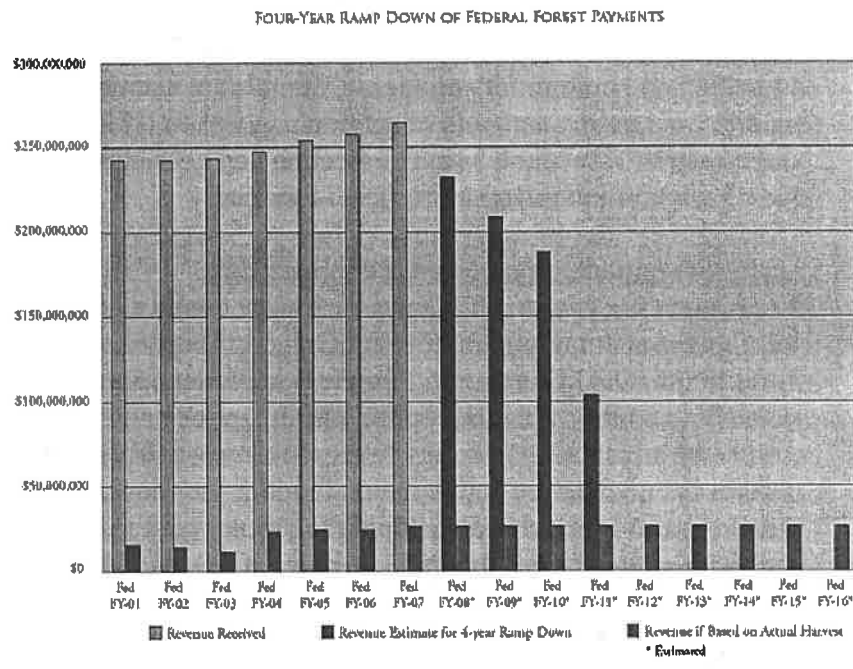
1. The reduction and imminent total loss of the revenues from the Secure Rural Schools Act (PL 106-393). The revenues from this Act, which once exceeded \$250 million annually, will expire in the 2011-13 biennium, eliminating a significant revenue source for many counties. The proportionate size of the shortfall for the 24 hardest hit counties from the loss of federal forest payments this fiscal year would have exceeded that of the state's general fund budget holes in 2001-03, 2003-05 and 2009-11¹.

2. The recent state budget shortfalls have had ramifications at the county level. Where state general fund reductions in shared service programs have occurred, the competition for county general fund resource to backfill those reductions have naturally intensified.

3. The effects of state constitutional property tax limitations in Article XI, section 11 (1997 Measure 50) prevent counties from raising the resources necessary to fund the A & T mandate. Resources have been restricted by these limitations but the county A & T administration requirements have not decreased. See Appendix A for an overview of the two major property tax limitation measures which were passed in the 1990's.

4. Federal, state and local government holdings of significant property in this state, in excess of 60% of land, is exempt from the property tax, which seriously limits all county government's tax base.

5. The recent downturn in the economy has led to a significant decrease in new construction statewide. Since the passage of Measure 50 (1997), local government



Source: Final Report: Governor's Task Force on Federal Payments and County Services

¹ Governor's Task Force on Federal Forest Payments And County Services

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districts have relied on the tax revenue from new construction to offset the inflation in county budgets and to cope with increasing infrastructure and service demands.

6. Property tax revenue that would otherwise go to local government districts are expended by the legislature via discretionary tax exemptions and special assessments, thereby withholding revenue counties historically depended on to fund their programs, including the mandated A & T function. See Appendix B for a listing of the current property tax expenditures.

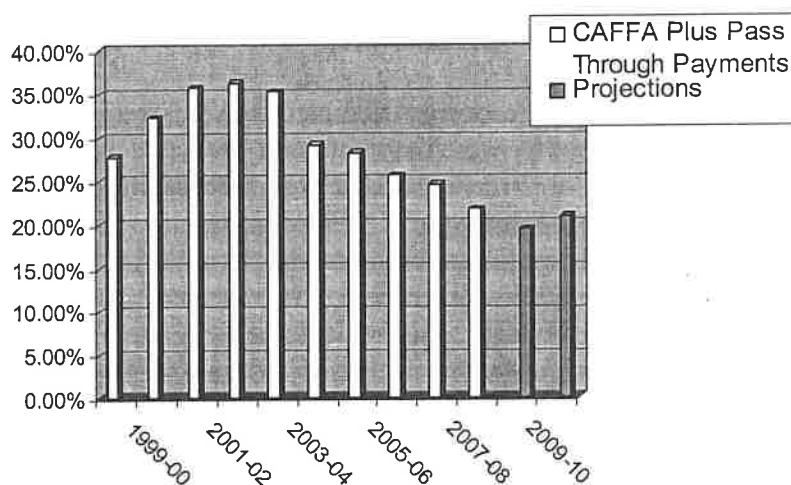
7. Legislative and initiative driven changes to the property tax statutes increase the complexity and ultimately the cost to counties without additional appropriation. County programming costs largely revolve around special assessments and exemptions that generate limited or no revenue including farm and forest special assessments, urban renewal, historic property and 119 other property tax expenditure programs. See Appendix C for a recap of major changes to the property tax system in the last two decades.

State Assistance for County A & T Administration:

CAFFA History

It was first recognized in 1989 that the state and community benefit provided by county A & T administration was in serious jeopardy. At that time, many counties were unable or unwilling to increase their A & T budgets to meet increased demands placed on them by statutory requirements, increased costs and expanding workload. In 1989 the legislature authorized a grant program known as County Assessment Function Funding Assistance (CAFFA) to assist counties. The program also established a monitoring tool to ensure county programs remain adequate. The CAFFA program was established and funded by recording fees and an increased interest rate due on delinquent property taxes. To qualify for participation in the CAFFA program, each county must submit an application to the department that includes its annual budget for A & T expenditures as approved by the county governing body. The department reviews each application to determine if the county budget will provide the resources to adequately

Percentage of County Costs Covered by Dept. of Revenue Administered Payments



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perform property assessment and taxation functions. If the county's proposed budget is not adequate, the department identifies the areas that must be improved. The county's share of the grant funds is withheld until these areas are addressed.

In 1999 the state legislature supplemented the CAFFA grant resources by allocating a biennial pass-through of \$5 million through the Department of Revenue's budget to counties. At its highest point, the CAFFA grant and pass-through provided approximately 36% of the county cost to administer the property tax on behalf of all local governments. Unfortunately, the resources that counties receive from CAFFA have declined precipitously over the past few years and in 2009, the \$5 million pass-through was eliminated. For the 2009-10 tax year the CAFFA grant fund is projected to supply less than 20% of the total costs of the A & T program statewide. Counties are called upon to make up the entire shortfall. In the 2009 legislative session, four bills designed to shore up the CAFFA resource failed to make it out of committee.

CAFFA tension

For the past 20 years, the CAFFA grant has served as a tool to leverage county budget commitments to the A & T function. County governing bodies are not always happy with a determination by the department that their proposed A & T budget is inadequate, but as long as the CAFFA grant resources are providing a significant share of county costs for A & T, the grant is a "carrot" that is not easy to forego. However, nothing requires a county to apply for the grant or in any way participate in the CAFFA grant program. As county resources decline, and as the percentage of county A & T administration costs funded by the CAFFA grant is also declining, the likelihood that the grant will serve as leverage decreases. It is critical to have the CAFFA grant remain at a level that will retain its attractiveness to county budget decision makers or accept that some counties may opt to forego the grant in order to avoid prioritizing A & T above other core county functions such as public health and safety. That decision could negatively impact the revenue streams of all of the local government taxing districts that rely on counties to provide adequate A & T administration.

Will additional resources dedicated to A&T result in increased property tax revenue?

It is important to note that increasing the funds available to the CAFFA grant will not in all counties or in any particular year necessarily generate additional property tax revenue. The primary objective of CAFFA is to ensure at least an adequate level of effort. Because the minimum requirements to participate in the program are enforced, the taxing districts are generally receiving the revenues due to those districts under the law. It is only when a county does not dedicate sufficient resources to A&T that the districts would suffer material declines in their revenue streams. If a county opted to forego the CAFFA resources and were allowed to fall below an adequate level of A & T administration, it would become not unlike a building with deferred maintenance. Year by year the increased damage caused by deferred maintenance compounds and the costs to cure are exponentially greater than the costs to maintain.

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What happens if one or more counties were unwilling or unable to adequately fund A&T?

The statutes provide that the department will assume control over the appraisal function of any county that fails to maintain an adequate program. Any costs incurred by the department in the assumption of a county's appraisal function are to be borne by the county, and the department is authorized to withhold other non-dedicated state-shared revenues from the county (i.e., cigarette tax, liquor tax, etc.) if necessary to meet a shortfall. This would likely come at the expense of other county funded programs. No mention is made in the statutes of a requirement for the department to intervene in the maintenance of the various 123 tax expenditure programs, but the department does have the authority to intervene in this areas if it so chooses. Realistically, the department may be able to assume responsibility for A & T administration in one county over the short term. Anything in excess of that would quickly overwhelm the department's resource capacity.

The department is also charged on a macro level with general supervision of the entire property tax system. That charge goes to taking any act the department deems necessary so that all properties are taxed or are exempted from taxation according to the law and the constitution. This broad authority comes with the potential to incur direct state involvement in any system failures. The state would bear the responsibility to at least front the associated costs. And for the more fiscally distressed counties, the state may ultimately have to absorb the increased costs altogether. In addition, long term or severe inadequacies in one or more counties would certainly lead to a decline in property tax revenues, which would affect the taxing districts that rely on those revenues. Declines in the revenues for many of these districts, such as the education districts, may create pressure on the state general fund to make up the shortfall.

Other funding ideas

Increasing the CAFFA grant resource is not the only solution to the problem of adequately funding the property tax system. There are other funding ideas as well as alternatives. Other possible solutions include changing the way the work is done, i.e. through technology or streamlining, reducing the complexity of the program, removing the limitations on county ability to increase the tax base and possible structural changes to the design of the system.

Recent Legislative History

- In the 2009 legislative session, there were four bills introduced to either increase the CAFFA resource or expand county ability to raise their own revenue. **SB 563** would have moved 100% of the interest on delinquent property tax collections into the CAFFA fund. **HB 3214** would have distributed the costs of tax administration to the all the local governments that receive property tax revenue. **HB 2844** would have increased the recording fee for the CAFFA account. **HB**

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2473 would have allowed counties to impose real estate transfer taxes. None of the bills passed.

- **The Governor's Task Force on Federal Forest Payments and County Services** made recommendations to urge the legislature to act to reduce restrictions on local government's ability to raise revenue, refrain from creating or extending new property tax expenditures without providing funding to backfill the loss and to limit state mandates on local governments. The Task Force also investigated the potential for shifting a larger share of funding for state-county shared services to the state, providing more state resources to the counties and boosting investments in rural economies. Recognizing the impact of the current recession on state finances however, resulted in adjusting the recommendations to fit a four-year horizon. In line with their findings, the Task Force recommended the legislature remove the moratorium on real estate transfer fees and increase the recording fees set aside for the CAFFA grant fund. Neither concept passed in the 2009 session. The Task Force also recommended that the state increase the approximate \$5.2 million biennial general fund appropriation for county assessment and taxation to pick up the full costs of the school's use of assessment and taxation services. Instead of an increase however, the appropriation was eliminated entirely.
- **The Taxing District Property Tax Stabilization Review Group**, made up of representatives from all taxing districts that receive property tax revenue, agreed to support a bill that would increase the delinquent interest contribution to the CAFFA account. This became SB 563 which ultimately died in the House Revenue Committee after passing the Senate.

Key Players:

Association of Oregon Counties, League of Oregon Cities, Special Districts Association, Oregon State Association of County Assessors, Oregon Association of County Tax Collectors, Oregon Community College Association, Oregon School Boards Association, Confederation of Oregon School Administrators and the Oregon Department of Revenue.

Measure 5 and 50 Summary Overview

Since 1990 the revenue potential and stability of the property tax for the funding of local government has experienced a significant amount of change. Of the three constitutional amendments passed by Oregon voters, Measures 5 (1990), Measure 47, (1996) and Measure 50 (1997), two were implemented and are having an affect on the property tax system in seven significant ways. They have,

1. Reduced the amount of tax (17% statewide reduction),
2. Limited the growth in tax, (tax rates were set, they cannot be increased & they are not indexed),
3. Reduced the taxable value of property by rolling it back two years minus 10%,
4. Limited the growth of taxable value to 3%,
5. Amplified the effects of new or increased property tax expenditures on revenue for local governments,
6. Changed the approval process at tax levy elections requiring double majority approval (modified in November 2008),
7. Instituted a differentiation in tax burden for all Oregonians by making an exception to the tax uniformity provisions of the constitution.

Measure 5

On November 6, 1990, Oregon voters approved a citizen initiative measure, Measure 5, amending the constitution to limit the property tax. The Measure limited the taxes state and local governments may impose on individual properties based on their real market value. Measure 5 limits taxes and charges that fall into two categories: (1) school and (2) non-school. The school category is made up of all public education from k-12 to graduate level. The non-school category of local government consists of all other taxing districts. The dollar limit for schools is \$5 per \$1000 of real market value and the non-school limit is \$10 per \$1000. The school limit was phased in from \$15 per \$1000 to the current \$5 per \$1000 at \$2.50 increments beginning in the 1991-92 tax year.

There are several narrow exceptions to the limits with the most significant being general obligation bonds. Levies to fund bonded indebtedness are non-limited if they are voter approved for capital construction purposes.

Measure 50

On, May 20, 1997 Oregon voters approved a legislatively referred measure amending the constitution to further limit the property tax. This referral was made midway through the 1997 session in response to the passage of Measure 47, a citizen initiative approved in November 1996. Measure 47 was never implemented.

Key provisions:

- Tax rate limits-permanent rates
- Cut operating taxes by 17% from 1997-98

- Taxable value rollback 2 years minus an additional 10%
- Taxable value growth limit 3%, exceptions
- Retained Measure 5 tax limitations on real market value
- Double majority voter approval requirement
- Further restrictions on exempt bonds

Under Measure 50, each district was given a fixed, permanent tax rate for operations. Districts may not increase this rate. However, voters can approve local option levies for up to five years for operations and up to the lesser of ten years or the useful life of capital projects. Local option levies, as well as general obligation bonds, must be approved at a general election or any election at which at least 50% of the eligible voters cast a ballot. This requirement was loosened in the November 2009 general election to make an exception for the May and November election dates. Taxes for local option levies as well as two other types of levies, "GAP" bonds and urban renewal increment and special levies are subject to the Measure 5 limits.

Measure 50 also limits the taxable value of property. In the first tax year of implementation, each property's taxable value was rolled back two years and then reduced an additional 10%. Measure 50 then limits the growth on that taxable value to 3% with several narrow exceptions. New construction is one of those exceptions. If no new construction or other exception occurs on the property, in future years, the taxable value grows annually at 3%.

2009 – 11 Property Tax Expenditures

| Final 2009-11 Tax Expenditure Report | | | | | |
|--------------------------------------|--|-------|--|-------|--|
| Number | Name | | | | |
| 2.001 | Academies, Day Care, and Student Housing | 2.040 | Center Pivot Irrigation Equipment | 2.081 | Exempt Lease from Exempt Owner |
| 2.002 | Student Housing Furnishings | 2.041 | Other Farm/Aquaculture/Egg Equipment | 2.082 | City-Owned Sports Facility |
| 2.003 | Leased Student Housing Publicly Owned | 2.042 | Field Burning Smoke Management Equipment | 2.083 | Convention Facilities |
| 2.004 | Higher Education Parking Space | 2.043 | Nonprofit Sewage Treatment Facilities | 2.084 | LLC Owned by Nonprofit Corporation |
| 2.005 | Private Libraries for Public Use | 2.044 | Property Used for Golf Course and Effluent | 2.085 | Federal Property |
| 2.006 | Leased Health Care Property | 2.045 | Riparian Habitat Land | 2.086 | Indian Property on Reservation |
| 2.007 | Senior Services Centers | 2.046 | Environmentally Sensitive Logging Equipment | 2.087 | Amtrak Passenger Railroad |
| 2.008 | Commercial Buildings Under Construction | 2.047 | Crab Pots | 2.088 | Fraternal Organizations, Sororities, and Cooperatives |
| 2.009 | Construction-in-Process in an Enterprise Zone | 2.048 | Federal Standing Timber Under Contract | 2.089 | Rural Health Care Facilities |
| 2.010 | Enterprise Zone Businesses | 2.049 | State and Local Standing Timber Under Contract | 2.090 | Long-Term Care Facilities |
| 2.011 | Long-Term Rural Enterprise Zone (Property Tax) | 2.050 | Western Private Standing Timber | 2.091 | Strategic Investment Program (SIP) |
| 2.012 | Electronic Commerce Enterprise Zone (Property Tax) | 2.051 | Eastern Private Standing Timber | 2.092 | Vertical Housing Development Zone |
| 2.013 | Rural Renewable Energy Development Zone | 2.052 | Private Farm and Logging Roads | 2.093 | New Houses in Distressed Area |
| 2.014 | Inventory | 2.053 | Forest Fire Protection Association | 2.094 | Rehabilitated Housing |
| 2.015 | Business Personal Property Cancellation | 2.054 | Inactive Mineral Interests | 2.095 | Multi-Family Rental Housing in City Core |
| 2.016 | Cargo Containers | 2.055 | Leased State Land Board Land | 2.096 | Low-Income Multi-Unit Housing |
| 2.017 | Leased Docks and Airports | 2.056 | Small Watercraft | 2.097 | New Housing for Low-Income Rental |
| 2.018 | Leased Publicly Owned Shipyard Property | 2.057 | Mining Claims on Federal Land | 2.098 | Nonprofit Low-Income Rental Housing |
| 2.019 | Ship Repair Facility Materials | 2.058 | Nonprofit Public Park Use Land | 2.099 | Disabled War Veterans or Their Spouses |
| 2.020 | Aircraft Being Repaired | 2.059 | Natural Gas Pipeline Extension | 2.100 | War Veterans in Nonprofit Elderly Housing |
| 2.021 | Railroad Cars Being Repaired | 2.060 | Railroad Right of Way Used for Alternative Transport | 2.101 | Pollution Control Facilities |
| 2.022 | Federal Land Under Recreation Facility | 2.061 | Motor Vehicles and Trailers | 2.102 | Ethanol Production Facility |
| 2.023 | Defense Contractor With Federal Property | 2.062 | ODOT Land Under Use Permit | 2.103 | Alternative Energy Systems |
| 2.024 | Federal Land Under Summer Homes | 2.063 | Nonprofit Water Associations | 2.104 | Watercraft Centrally Assessed |
| 2.025 | Housing Authority Rental Units | 2.064 | Nonprofit Electrical Distribution Associations | 2.105 | Historic Property |
| 2.026 | Nonprofit Elderly Housing State Funded | 2.065 | Nonprofit Telephone Associations | 2.106 | Aircraft |
| 2.027 | Farm Labor Housing and Day Care Facilities | 2.066 | Private Service Telephone Equipment | 2.107 | Railroad Right of Way in Water District |
| 2.028 | Fairground Leased Storage Space | 2.067 | FCC Licenses | 2.108 | Railroad Right of Way in Highway Lighting District |
| 2.029 | Industry Apprenticeship/Training Trust | 2.068 | Intangible Personal Property | 2.109 | Railroad Right of Way in Rural Fire District |
| 2.030 | Businesses Transferring or Leasing Property | 2.069 | Personal Property for Personal Use | 2.110 | Homestead Exemption for Federal Active Duty Military Service Members |
| 2.031 | Food Processing Equipment | 2.070 | Beverage Containers Requiring Deposit | 2.111 | Nonprofit Housing for the Elderly |
| 2.032 | Farm Machinery and Equipment (Property Tax) | 2.071 | State and Local Property | 2.112 | Multi-Unit Rental Housing |
| 2.033 | Mobile Field Incinerators | 2.072 | Beach Lands | 2.113 | Watercraft Locally Assessed |
| 2.034 | Crops, Plants, and Fruit Trees | 2.073 | Local Government Public Ways | 2.114 | Wildlife Habitat |
| 2.035 | Agricultural Products Held by Farmer | 2.074 | Pacific Northwest AC Intertie Exemption | 2.115 | Forest Homesites |
| 2.036 | Nursery Stock | 2.075 | Tribal Land Being Placed in U.S. Trust | 2.116 | Western Private Forestland |
| 2.037 | Leased Public Farming and Grazing Land | 2.076 | Charitable, Literary, and Scientific Organizations | 2.117 | Eastern Private Forestland |
| 2.038 | Leased Federal Grazing Land | 2.077 | Fraternal Organizations | 2.118 | Small Tract Forestland Option |
| 2.039 | Shellfish Growing on State Land | 2.078 | Religious Organizations | 2.119 | Farm Land |
| | | 2.079 | Cemeteries, Burial Grounds, and Mausoleums | 2.120 | Farm Homesites |
| | | 2.080 | Exempt Lease from Taxable Owner | 2.121 | Open Space Land |
| | | | | 2.122 | Conservation Easements |
| | | | | 2.123 | Destroyed or Damaged Property |

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Property Tax System Complexity Components Added in the Last 20 Years

| <u>Program Change</u> | <u>Year</u> | <u>Description / Impact</u> |
|---|-------------|--|
| Voter initiative: Measure 5 | 1990 | Limited property tax on each account to \$15 per \$1000 of real market value. Created uncertainty for local governments because it was not possible to determine where loss due to the limitation would occur. Created an additional layer of tax calculation. For counties with urban renewal the complexity is amplified. |
| Court decision: <u>Mathias v DOR</u> | 1991 | Regarding "developer discount" in relation to subdivisions. County assessors had to eliminate long standing practice for the valuation of new subdivisions. |
| Wildlife Habitat Special Assessment | 1993 | * Special assessment program for farm/forestland approved by Dept. of Fish and Wildlife to be part of a habitat conservation plan. Requires coordination with Fish and Wildlife and tracking of property across special assessment methods. |
| Ethanol Production Facility Partial Exemption | 1993 | * |
| Strategic Investment Program Partial Exemption | 1993 | * Exemption for large improvements is approved through OECD. Assessor maintains with- and without exemption values and coordinates exemption with OECD. |
| Tribal Land in US Trust Exemption | 1993 | * |
| Court decision: <u>Bayridge Association v DOR</u> | 1995 | Regarding government restrictions which limit use. County had to find a way to measure the effect of restriction on low income housing and their effect on real market value. Counties experienced a good deal of litigation expense due to the complexity and ambiguity. |
| Leased Publicly Owned Shipyard Property Exemption | 1995 | * |
| Voter initiative: Measure 50 | 1997 | Property taxable values were "cut & capped". Growth of taxable value limited to 3% a year, with some exceptions. Requires taxes to be figured on the lesser of real market or an artificial value. Counties required to now compute and track several values for each property (in excess of 20 values for some accounts including assessed value, real market value, maximum assessed value, maximum specially assessed). Taxes have to be compared to \$5 and \$10 rate limitations, which causes some taxes to be "compressed". Created permanent rates for each taxing district, which limits each district's ability to locally control amounts required to be raised for operations. |
| Long-Term Rural Enterprise Zone Exemption | 1997 | * |
| HB3575 | 1999 | Made significant changes in taxation of forestland for owners with 5000 acres or more of forestland. Created "phase in" of amount of value to be taxed from 20% of specially assessed value in 1999 to 100% of specially assessed value in 2003. Counties had to identify owners based on statewide ownership, and gradually increase the amount of value used to compute taxes. Phased in over 3 legislative sessions which required counties to make corresponding program changes over the six year period. |

| | | |
|---|------|---|
| Low-Income Multi-Unit Housing Partial Exemption | 1999 | * |
| Long-Term Care Facilities Partial Exemption | 1999 | * |
| Environmentally Sensitive Logging Equip. Exemption | 1999 | *Requires tracking equipment on a rolling 8 year basis. |
| Leased Health Care Property Exemption | 1999 | * |
| Court decision: <u>Shilo Inn v DOR</u> | 2001 | Significantly changed how urban renewal taxes were categorized to fit under Measure 5. Major reprogramming of systems to perform Measure 5 test on use of dollars rather than recipient of tax dollars. |
| Multi-Unity Rental Housing Special Assessment | 2001 | * |
| Vertical Housing Development Zone Partial Exemption | 2001 | * Created unique calculations for individual components of an account such as one tax rate for one floor and a different rate for another floor of the same building. |
| Rural Health Care Facilities Partial Exemption | 2001 | * |
| City-Owned Sports Facility Exemption | 2001 | * |
| Property Used for Golf Course and Effluent Exemption | 2001 | * |
| Electronic Commerce Enterprise Zone Exemption | 2001 | * |
| Court decision: <u>Flavorland Foods v Washington County</u> | 2002 | Regarding establishment of MAV for large property accounts. Complicated computation of Measure 50 exception values. |
| Small Tract Forestland Option Special Assessment | 2003 | * Significant tracking and processing work for counties for very few participants. |
| Construction in Progress in Enterprise Zone Exemption | 2003 | * |
| Court decision: <u>Wilsonville Heights v DOR</u> | 2005 | Created a special valuation methodology for low-income housing properties. |
| Homestead Exempt for Federal Active Duty Partial Exemption | 2005 | * |
| Pacific Northwest AC Intertie Exemption | 2005 | * Repealed in 2009. |
| Food Processors Equipment Exemption | 2005 | * Significant tracking of eligible equipment in 5 year rolling periods. |
| Conservation Easements Special Assessment | 2007 | * A hybrid special assessment, multiple tests, varying program requirements which added additional tracking for counties |

* For each of these newly enacted exemption or special assessment program, county assessment and taxation offices must process applications, disqualifications and address appeals. Many of them bring additional administration requirements such as system programming, special site visits and appraisals. Because of the variety of programs with varying program requirements and benefits counties spend a good deal of time answering questions on all these programs. In addition, all of these tax expenditures create a loss of taxable value which directly reduces revenue to the taxing districts in the post-Measure 50 property tax system.