

Finally, the appraiser uses all information and accepted appraisal methods to determine the RMV of the land, the buildings, and on-site development (OSD).

Many counties no longer physically reappraise property on a regular basis, but adjust values annually through what is called automated valuation modeling (AVM). In Oregon, we sometimes refer to AVM as "recalculation." Automated valuation modeling uses a mathematically based computer software program to produce an estimate of market value based on location, market conditions, and real estate characteristics.

Maximum Assessed Value (MAV)

Maximum assessed value is a term that was created by Measure 50, a property tax measure Oregon voters passed in 1997. Maximum assessed value for the 1997-98 tax year (the year the measure was implemented), was the 1995-96 real market value reduced by 10 percent and adjusted for certain changes to the property that occurred between the 1995 and 1997 tax years. For the 1998-99 tax year and all following tax years—MAV is defined as the **greater** of 103 percent of the prior year's assessed value or 100 percent of the prior year's MAV—plus the MAV of any exception value (exception value is defined below.)

ORS 308.146

Assessed Value (AV)

Assessed value is defined as the **lesser** of the property's real market value or maximum assessed value.

ORS 308.146

Exceptions

An exception is any change to property excluding general ongoing maintenance and repair or minor construction. An exception allows MAV to be increased above the three percent limitation. Examples of changes to property that qualify as an exception include: new construction or additions; major remodeling; renovation; rehabilitation; adding site improvements to land; siting a manufactured structure; rezoning with use consistent with the change in zoning; and partitions or subdivisions. Property added to the roll as omitted property or property that is disqualified

from exemption or special assessment is also treated as an exception.

ORS 308.149

Changed Property Ratio (CPR)

The changed property ratio is used to calculate the maximum assessed value of an exception. The assessor calculates the CPR by dividing the average MAV of all unchanged properties in the same area and property class by the average RMV of all unchanged properties in the same area and property class. (ORS 308.149 defines "area" as the "county.") The RMV of the exception is then multiplied by the CPR to calculate the maximum assessed value for the exception. The purpose of multiplying the RMV of the exception by the CPR is to bring the MAV of new (changed) property to the same general assessment level as unchanged property.

ORS 308.153

General Ongoing Maintenance and Repair

General ongoing maintenance and repair includes work and materials that are needed to maintain a structure in average condition without significantly changing the design or materials. The increase in value to a property attributed to general ongoing maintenance and repair does not qualify as an exception and may not be added to MAV. For example, replacing the 15-year-old composition shingle roof cover on a house with similar quality composition shingles is considered general ongoing maintenance and repair. The roof cover replacement may increase the property's RMV, but MAV cannot be adjusted. In contrast, replacing the old composition shingle roof cover with a concrete or clay roof is considered an upgrade to the roof cover and the difference in real market value due to the upgrade in the roofing material qualifies as an exception if it meets the minor construction test.

OAR 150-308.149-(A)

Minor Construction

Minor construction is a change to property that would qualify as an exception, except that it has a real market value of \$10,000 or less in a single assessment year, or an accumulation of \$25,000 or less during five assessment years. If the \$25,000 minor construction accumulation is exceeded

MEASURE: SB 818
EXHIBIT: F

Senate Finance and Revenue 76th Session

DATE: 03-07-2011 PAGES: 1

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