

March 4, 2013  
Senate Committee on Finance and Revenue  
Senate Bill 313

Chair Burdick, members of the committee, thank you for allowing me to testify before you today. My name is Douglas Schmidt and I am the Polk County Assessor.

SB 313 proposes to change the calculation of the Maximum Assessed Value for each property.

For background, Measure 50 requires the Maximum Assessed Value (MAV) be “103 percent of the property’s assessed value from the prior year or 100 percent of the property’s maximum assessed value from the prior year, whichever is greater.”

The Maximum Assessed Value was created by Measure 50 and first applied in 1997. The original MAV was based on the 1995 Real Market Value minus 10%. Any new property since 1997 has its MAV calculated by multiplying the Real Market Value of the new property by a Changed Property Ratio. Measure 50 also set the Assessed Value (Taxable Value) as “the lesser of the property’s maximum assessed value or the property’s real market value.

SB 313 will change the Maximum Assessed Value calculation to “103% of the property’s assessed value from the prior year or **103%** of the property’s maximum assessed value from the prior year, whichever is greater.” This change will allow the MAV to grow each year even when a property’s Real Market Value is less than the MAV.

I have attached a spreadsheet to help explain how the calculation works.

In a normal real estate market growing by more than 3% per year, the changes this bill makes would not have any impact on the taxpayer or the districts.

If the state, or an area, is in a down real estate market, it appears this bill will allow for a recapture of Assessed Value quicker when the real estate market improves.

Thanks you.