

Testimony to the House Revenue Committee
HB 2509 March 19, 2013

Committee Members and Chair Barnhart

In the years since the passage of Measures 5 and 50 many distortions and inequities have grown in the system of property tax assessment in the state of Oregon. The distortions include the split between Real Market Value (RMV) estimates and assessments based on 1995 valuations with minor updating allowed or Assessed Value(AV), as well as a freezing of valuation ratios without reference to any changes among property types or physical locations.

It also should be noted that even before Measure 5, passed in 1990, some distortions were already emerging. Use of multiple regression based programs was used, particularly with residential properties in counties with larger populations. This was in response to reduced available financial resources in the county offices of Assessment and Taxation in Oregon. This lack of resources has only grown in the years since the 1970s when it first appeared.

Among the results of this policy was a reduction in appraisal staff in county offices. This has resulted in fewer on site physical inspections of individual properties and a growing decline in correct information relating to the physical characteristics of properties.

During the years since approximately 1980, there have also been changes in land use policies in Oregon that have resulted in state and local policies that have encouraged more dense and compact development and less sprawl based development. These policies have been implemented by use of urban growth boundaries, changed zoning and transit related development.

Among the results of these policies and actions has been a change in typical land to value ratios. There is a perception of lesser availability of land that has had an upward trend in land values that is greater than the upward trend in improved sites. This has generated higher land to value ratios overall.

Since Measure 50s passage in 1995, these changes have not been adequately reflected in Assessment valuations.

Shifting to a land based assessment and taxation system, utilizing actual market value estimates, would address many of the issues I advanced above in this statement.

The assessment of land requires less intense inspections with fewer elements possible to be in error. Land to value ratio changes would automatically be adjusted in the valuations and public expenditure for staff would not need increases.

It also seems likely that a land based assessment system would direct individuals' land use and development decisions to reflect increased economic efficiency, under current and expected public land use policies.

Therefore I support the study of LVT proposed in this bill.

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