



POLK COUNTY

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ASSESSOR'S OFFICE
DOUGLAS SCHMIDT
Assessor

February 16, 2015
House Committee on Revenue
House Bill 2487

Chair Barnhart, 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.

HB 2487 was drafted to allow Assessors a more accurate mechanism to correct the Maximum Assessed Value when there are errors in a properties square feet. Current law only allows a Maximum Assessed Value correction for an error in the square feet based on a proportional change in square feet, not the change in the Real Market Value. Because the Maximum Assessed Value is initially established based on the Real Market Value, Assessors I have talked with believe a correction using the Real Market Value is a more appropriate method.

Chair Barhnart, there may be additional bills this session that your committee will hear dealing with Maximum Assessed Value. If it is OK, because there are new members to the Revenue Committee I would like to provide some very brief definitions and a brief explanation of how we got to where we are concerning corrections to Maximum Assessed Value.

I would like to call the committees attention to the definitions page submitted with my testimony. First, Real Market Value. Second, Maximum Assessed Value. Third, Assessed Value. Fourth, Exception. Fifth, Changed Property Ratio. I have also attached a graph showing the relationship between the 3 values.

Originally, Measure 50 offered no statutory provisions to remove or reduce a properties Maximum Assessed Value. That meant that if a house was torn down and not replaced in the same year, the Maximum Assessed Value would then include that of both the old and new house. Over the years, the statutes dealing with Maximum Assessed Value have been updated, primarily at the request of the Assessors Association and/or the Department of Revenue. This bill is simply a continuation of those efforts.

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An example of the current and proposed correction methods would be an average quality home built in 2011 with 1,500 sq. ft. plus a 700 sq. ft. finished attic for total square feet of 2,200. This home would have a Real Market Value of \$181,860 in Polk County's valuation system. If we discovered an error in the square feet in the attic of 200 sq. ft., this would reduce the total sq. ft. to 2,000 and the Real Market Value to \$174,000. The reduction in square feet equates to a 9.1% change while the Real Market Value is only reduced by 4.3%.

As shown, reducing the Maximum Assessed Value by 9.1% results in a disproportionate reduction compared to the Real Market Value reduction. As I mentioned earlier, Maximum Assessed Value is established based on the Real Market Value, therefore it would be reasonable to make this correction based on the change in Real Market Value not the square feet. These corrections will only be made for the Current Tax Year and forward.

Thank you for letting me testify today. If you have any questions I will try and answer them.

Douglas Schmidt
Polk County Assessor

Att.