

(EXCERPT of Full Report)

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# CITY PROPERTY TAX REPORT

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**WITH FY 2014-15  
SUMMARY DATA  
AND TABLES**

**March 2016**



Sample Tax Rates (from DOR data)

CITY	Permanent Tax Rate Levied	Local Option Tax Rate Levied	Bond Rate Levied	Total Tax Rate Levied by District
<b>Coos County</b>	\$1.08	\$0.00	\$0.27	\$1.35
Myrtle Point	\$8.00	\$0.00	\$0.00	\$8.00
Coquille	\$6.10	\$0.00	\$0.00	\$6.10
Coos Bay	\$6.36	\$0.00	\$0.54	\$6.91
Powers	\$7.39	\$0.00	\$0.00	\$7.39
<b>Bandon</b>	<b>\$0.46</b>	<b>\$0.85</b>	<b>\$0.46</b>	<b>\$1.76</b>
North Bend	\$6.18	\$0.00	\$0.00	\$6.18
<b>Curry County</b>	\$0.60	\$0.00	\$0.00	\$0.60
Brookings	\$3.76	\$0.00	\$0.00	\$3.76
Gold Beach	\$2.34	\$0.26	\$0.00	\$2.59
Port Orford	\$2.27	\$1.90	\$0.00	\$4.17
<b>Josephine County</b>	\$0.59	\$0.08	\$0.15	\$0.81
Grants Pass	\$4.13	\$1.79	\$0.39	\$6.31
Cave Junction	\$1.90	\$0.00	\$0.00	\$1.90
<b>Polk County</b>	\$1.72	\$0.30	\$0.52	\$2.54
Independence	\$4.59	\$0.00	\$1.05	\$5.64
Dallas	\$4.20	\$0.00	\$0.72	\$4.91
Monmouth	\$3.61	\$0.00	\$0.49	\$4.10
Falls City	\$2.92	\$0.00	\$0.00	\$2.92
<b>Union County</b>	\$2.97	\$0.00	\$0.00	\$2.97
<b>Imbler</b>	<b>\$0.37</b>	\$0.00	\$0.00	\$0.37
<b>Summerville</b>	<b>\$0.40</b>	\$0.00	\$0.00	\$0.40
<b>Cove</b>	<b>\$0.40</b>	\$0.00	\$0.00	\$0.40
<b>Island City</b>	<b>\$1.52</b>	\$0.00	\$0.00	\$1.52
<b>Union</b>	<b>\$1.58</b>	<b>\$0.45</b>	<b>\$0.16</b>	<b>\$2.19</b>
North Powder	\$4.31	\$0.00	\$0.00	\$4.31
Elgin	\$6.94	\$0.00	\$0.00	\$6.94
La Grande	\$7.44	\$0.00	\$0.00	\$7.44

### 3. Tax Rates: Permanent Rates, Local Option Levies and Bond Levies

The total property tax rate imposed on a property is comprised of the permanent rate, local option levy rates and bond rates. Permanent rates are just that—permanent. These rates were established using a Measure 50 formula involving 1997 levies and 1995-96 RMV, and they cannot be changed unless the Oregon Constitution is revised. For a listing of the permanent rates for all cities, see Appendix A. The permanent rates range from \$0.00 (\$0.17 is the lowest non-zero rate) to \$10.62. Figure 4 below shows the number of cities in various rate ranges. The rates are quite arbitrary, as they were based on city budget conditions from 1995-1997, not on today’s city conditions, service needs, or other revenue sources, which have changed since 1997. They have remained frozen in time for some 19 years. The average permanent rate for cities is \$3.55, and the average total rate is \$4.04 per \$1,000 AV. Note that some permanent rates are above \$10, but the permanent rate is applied to the assessed value and not the real market value, so it doesn’t automatically mean there is a Measure 5 limit problem that requires a tax reduction using compression. The permanent rate authority constituted \$942.7 million this year for cities, and was a 5.3 percent increase over last year. Figure 5 shows the permanent rate disparities of similarly sized cities providing similar services.

Even though permanent rates cannot be increased, a city can choose to levy less than the permanent rate in a given year based on local decisions. Indeed, 10 cities presently levy less than their full permanent rate. Interestingly, three of the 10 cities (Carlton, Milwaukie and Redmond) levy less because the difference corresponds to the permanent rate of the local fire district. Redmond for instance, levies \$1.75 less than their \$6.16 full permanent rate, which corresponds to the \$1.75 permanent rate of the Redmond Fire and Rescue District. This arrangement makes the creation of a new district cost neutral on the property owners, and benefits the city by eliminating a costly service while still ensuring the service is provided to the community. See Table 2 in Appendix B.

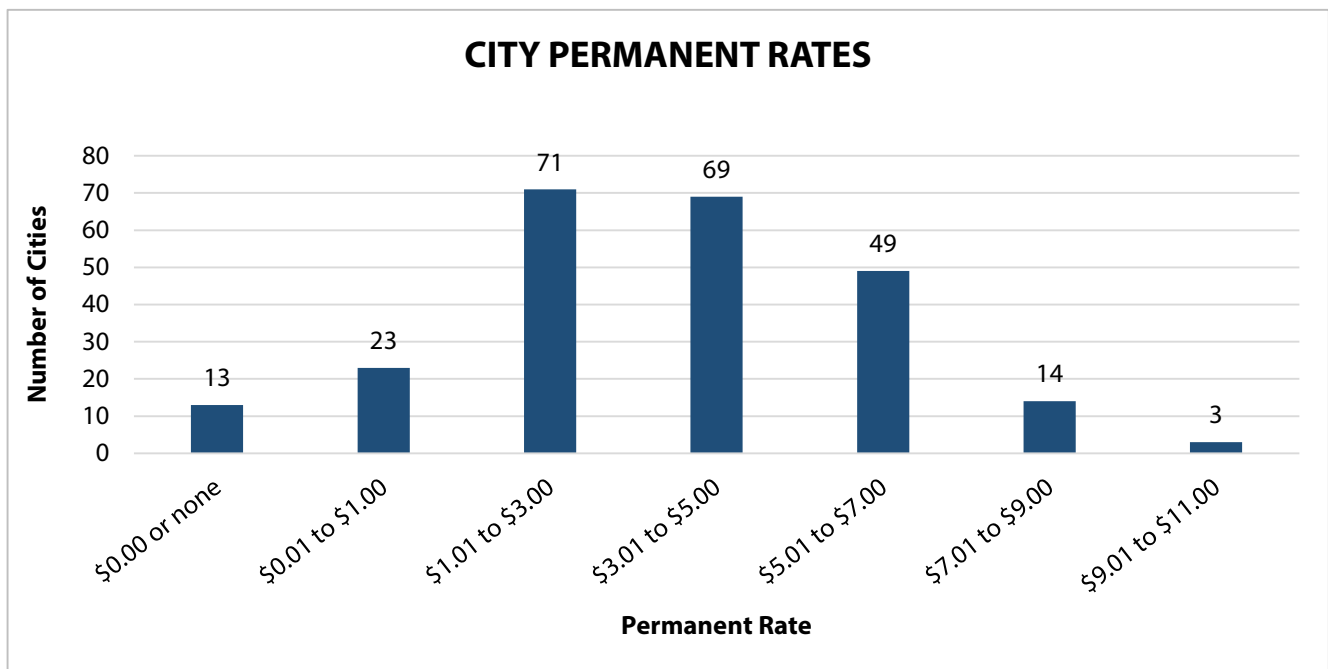


Figure 4: City Permanent Rates (Excluding Phase-in Areas)

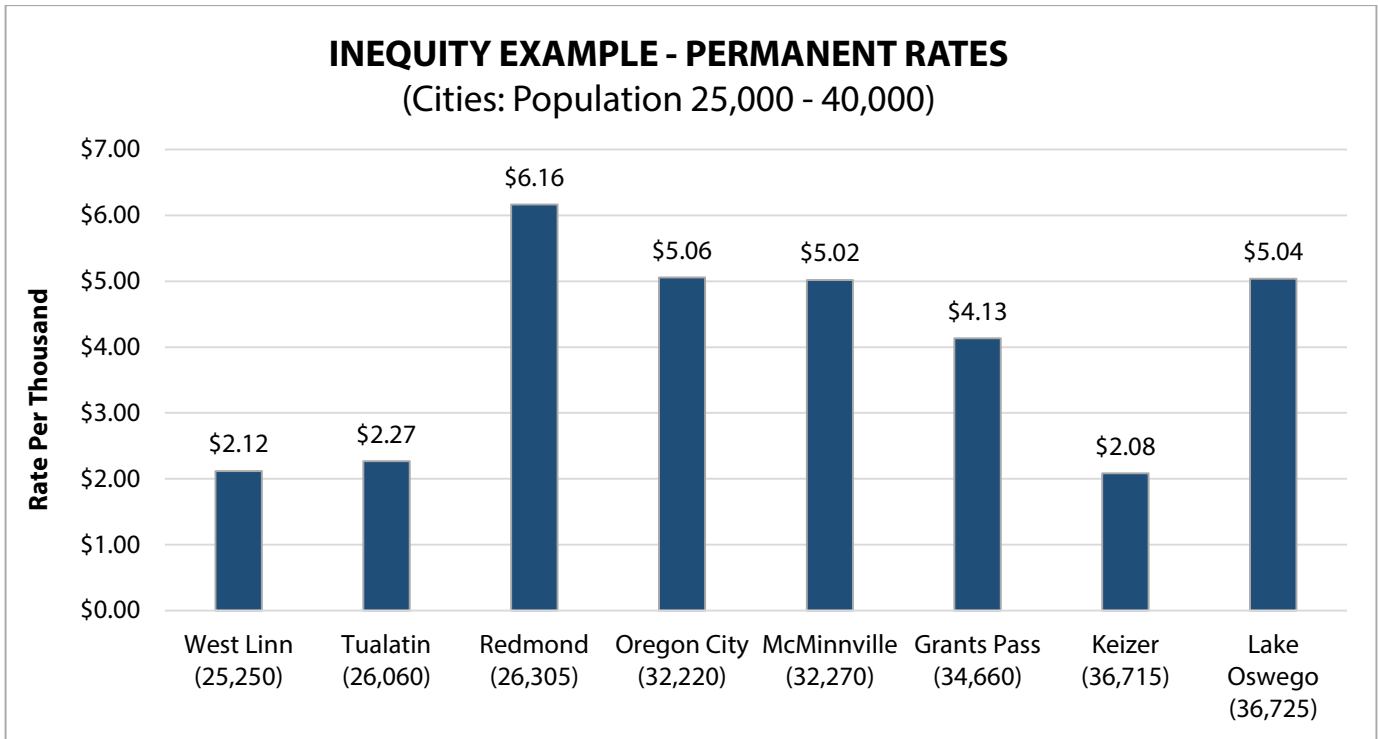


Figure 5: Permanent Rates for Select Cities

Another unique circumstance in which cities levy less than their full permanent rate is for areas that are annexed into the city. The resident’s property taxes in the newly annexed area may have been lower than the city’s rate, so often times the city will “phase-in” these areas; that is, property taxes will be increased over a period of time to allow the new property owners to adjust to the increase. Table 3 in Appendix B lists the six cities in FY 14-15 with phase-in areas.

Local option levies are temporary tax levies passed by voters. Measure 50 provides that such levies are restricted to five years if used for operations and 10 years if used for capital projects. The local option levies are on top of a taxing jurisdiction’s permanent rates. Measure 50 requires that local option levies be reduced (compressed) first when measure limits have been reached. Thus, many cities cannot reasonably avail themselves of the local option levy.

Twenty-eight cities presently have local option levies, and in FY 2014-15 they ranged from \$.20 to \$7.22 (see Figure 6 on the next page). Local option levies generated \$60.8 million in revenue for cities in FY 2014-15. The average local option rate for cities with a local option levy was \$1.29 per \$1,000. Total city local option levy revenues increased by 16 percent, increasing from a total of \$52 million to \$60.8 million. Among all taxing districts, the local option portion of property taxes grew by 14.3 percent, making local option levies account for 6.4 percent of all property tax revenues (see Table 4 in Appendix B).

## CITY LOCAL OPTION TAX RATES LEVIED FY 2014-15

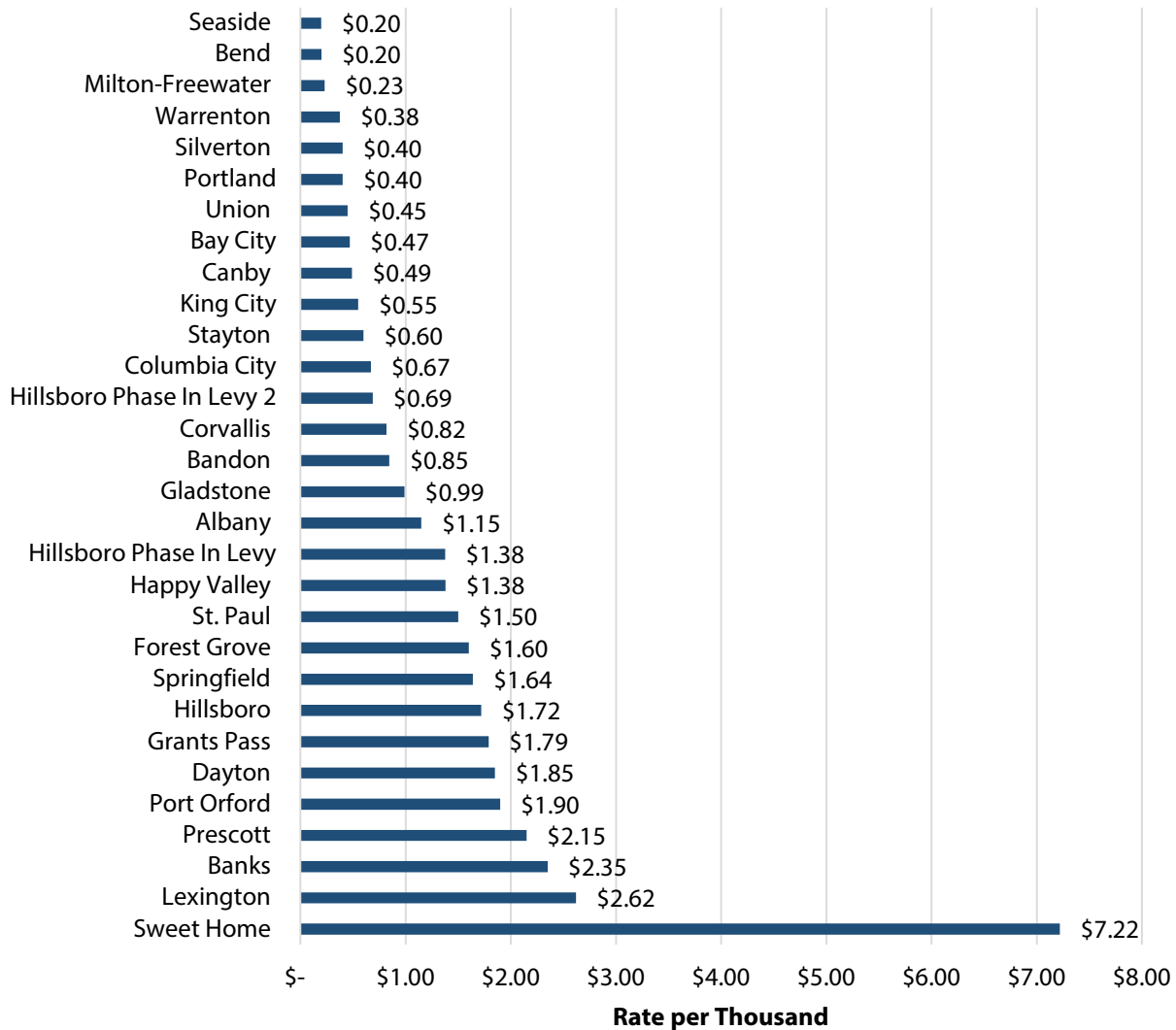


Figure 6: City Local Option Tax Rates Levied, FY 2014-15

Ninety-five cities (39 percent) have issued bonds on top of their permanent property tax rates. Bond rates are between \$0.05 and \$5.07 per \$1,000 AV, with an average of \$0.82 and median of \$0.50. See Table 5 in Appendix B for listing of cities with bonds. Bonds generated \$78.9 million in revenues for cities in FY 2014-15.

Bond levies typically are approved in terms of dollars, and the rates are later calculated as the total levy divided by the assessed value in the district. Bond levies for capital construction principal or debt are exempt from the constitutional limits of Measure 5 and this perhaps explains why more cities use this tool. That is, bond levies are not subject to compression.

Capital construction qualification, for purposes of bonded indebtedness, is complex and is defined by ORS 310.140 and governed by the ORS local government borrowing chapter, found in ORS Chapter 287. Capital construction assets include land, machinery, improvements, equipment, furnishings, etc. Generally, the asset must have a useful life of at least one year to be used for a bond. However, for public safety and law enforcement vehicles to be covered as capital construction, the vehicles must have a projected useful life of five years or more. In contrast, local option levies are generally approved as a rate and the revenues from the levies are flexible. That is, revenues can be used for general operating expenses as well as capital projects.

From November 2014 to November 2015, 19 of 30 local option levies or bond measures that cities brought to the voters passed (63 percent passed). See Table 6 in Appendix B for election listings. The majority of the failed measures occurred in 2014. The passage rate in the 2015 elections improved to 78 percent.

In short, the continued high rate of passage of both local option levies and bonds suggests that voters are generally supportive of city tax increases when necessary to pay for services and capital construction. Unfortunately, city leaders must bring the renewals to the voters often because Measure 50 makes such levies temporary, no matter the city's permanent rate. Low permanent rates for many cities remain a significant problem. Figure 7 below shows the total revenues cities received for FY 2014-15 from their permanent rate, local option levies and bonds imposed.

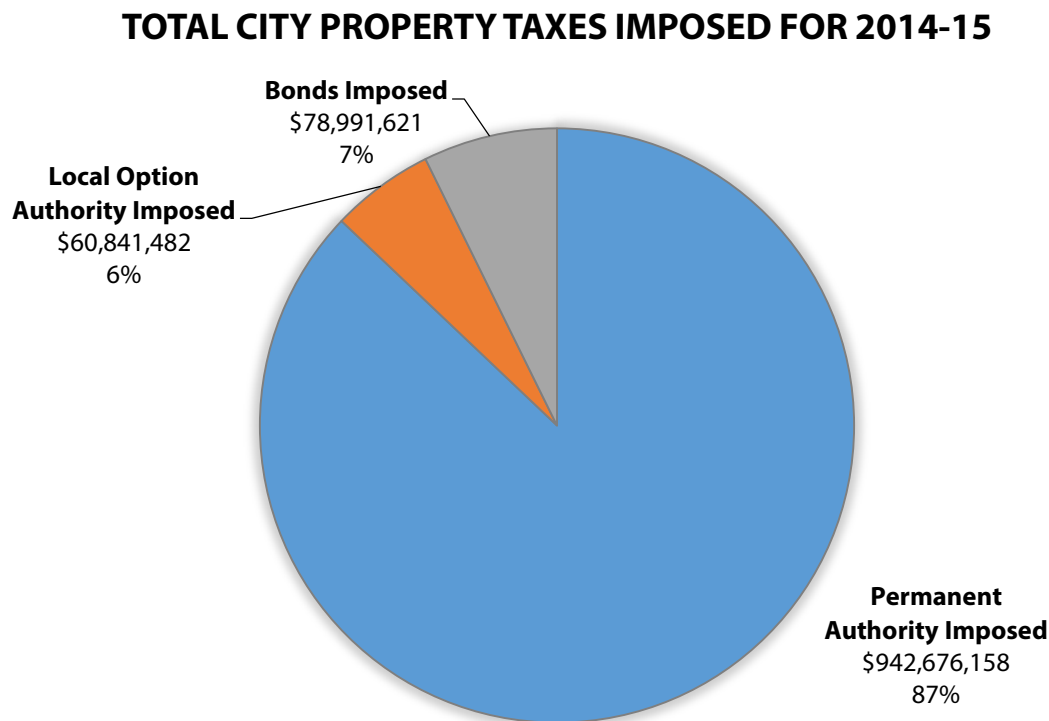


Figure 7: Total City Property Taxes Imposed 2014-15