

Date: March 20, 2017  
To: House Revenue Committee  
From: The Association of Oregon Counties  
Subject: House Bill 2088

Please add to the records of the House Revenue Committee these comments related to House Bill 2088, which is on the committee's agenda for public hearing on March 20, 2017.

### **AOC opposes House Bill 2088**

House Bill 2088 would grant authority to a city by ordinance or resolution to require calculation by the county assessor of the Changed Property Ratio (CPR) within that city rather than county-wide.

Under Oregon's complex property tax system, a large portion of which was embedded in the Oregon Constitution by Ballot Measure 50 (1997), new real property is put on the tax roll at a maximum assessed value (MAV) determined by a calculation. First, the property must be identified by category, examples of which include residential, industrial, commercial, machinery & equipment, apartment, or manufactured home. Each category has a Changed Property Ratio (CPR) in each county determined by dividing the average MAV by the average real market value of unchanged property of that category in the county. New property of that category is given a MAV that results from multiplying the CPR (typically a fraction of the number 1) times the real market value (RMV) of the new property.

For example, a new home with an RMV of \$400,000.00 is built in a county that has a CPR for residential property of 0.7. That new home is added to the tax roll at a MAV of \$280,000.

HB 2088 would authorize a city to require the county assessor to calculate the CPR for properties within the city based only on properties within that city.

These calculations can be done, but would create practical challenges.

- They would add complexity and uncertainty of administration.
- There would be additional time and expense to monitor, track, maintain, and explain multiple CPRs within the county.
- There could be additional documents needed in the Summary of Assessments and Levies reports generated after taxes are imposed, with added printing and compiling costs.
- CPR by city does nothing to resolve the inequity within property classes. Two cities with a common border could have significantly different CPRs and MAVs.
- All county computers would need to be reprogrammed to handle this change. The total cost is unknown.

In an era when the county assessor's budget severely limits activities intended to locate properties that should be on the tax rolls to support essential local public services, this bill would divert meager budget resources to provide special treatment to certain cities.

**Please vote no on HB 2088.**