House Bill 2088 - Comparison of Change Property Ratio Computations

Computational Difference using County & City CPRs (Ex. of New Construction Improvements)		
	Countywide CPR	Citywide CPR
CPR	0.650	0.850
RMV Improvements	300,000	300,000
Maximum Assessed Value	195,000	255,000
Combined Tax Rate	0.017	0.017
Tax Imposed	3,315	4,335
Tax Difference		*1,020*

House Bill 2088 would allow cities the option of computing the Change Property Ratio (CPR) based upon a city area rather than using the existing law framework of the countywide Change Property Ratio. CPR is used to determine the maximum assessed value of newly built property that is in the same property class.[1] For example, when a new home is built, the maximum assessed value of the property (the value to which tax rates are applied) is calculated by multiplying the property's RMV by the countywide residential CPR. The countywide CPR is determined by:

$$\frac{Countywide\ Average\ Maximum\ Assessed\ Value}{Countywide\ Average\ Real\ Market\ Value}$$

In counties where there have been areas of the county that have appreciated in value much faster than other areas, this can lead to disparities at the city level.

To determine whether a city will benefit from using a city computed CPR as opposed to the existing law countywide computed CPR, citywide CPRs must be computed and compared with the countywide CPR.[2] LRO lacks the necessary property tax data to calculate a citywide CPR, however, LRO does have information necessary to reasonably estimate citywide CPRs.

The table below is based upon comparisons between estimated citywide and countywide CPRs. Citywide CPR is reported as a percentage of the countywide CPR. A citywide CPR equal to a countywide CPR is reflected as 100%. Cities with CPRs greater than the countywide CPR (reflected as greater than 100%) that adopt citywide CPR computations per allowances provided in HB 2088, would receive greater tax revenue. This results from newly built property within the city having a higher maximum assessed value placed upon it. The table categorizes cities based upon the relationship of the city computed CPR compared to the countywide CPR. The higher above 100% a

Estimated Number of Cities by Category of Citywide CPR as a Percentage of Countywide CPR FY 2015-16						
Citywide CPR as % of Countywide	Residential		Commercial		Multi-Family	
	# of Cities	% of Tot.	# of Cities	% of Tot.	# of Cities	% of Tot.
LT 75%	3	1%	17	8%	58	26%
75-85%	4	2%	18	8%	11	5%
85-95%	35	16%	32	15%	27	12%
95-105%	127	58%	84	38%	82	37%
105-115%	39	18%	47	21%	23	11%
115-125%	6	3%	18	8%	10	5%
GT 125%	5	2%	3	1%	8	4%
Total Above 105%	***50***	***23%***	***68***	***31%***	***41***	***19%***

Note - Data unavailable for cities in: Gilliam, Grant, Lake, Sherman, Wallowa and Wheeler Counties

[1] CPR is also used to compute maximum assessed value for non-minor construction of property (major remodels, expansions) and for property coming out of exemption or special assessment.

[2] To simplify the output, cities that cross county boundaries were compared against the county CPR in which the greatest amount of the city's value was located.

city is, the greater the potential benefit. An important consideration is number of properties within a city. The change in CPR computation does not affect property that is not newly built or modified in some way (remodel, expansion, etc.), so cities with few new properties being built may have little incentive to adjust their change property ratio computation.

The table below lists the top fifteen cities in each property class that would benefit from a change in CPR computation. Percentage listed is city CPR as a percentage of the countywide CPR for each of the three property classes reported.

Estimated Top 15 Cities Benefitting from Changing to Citywide CPR by Property Class FY 2015-16

-----Residential-----		-----Commercial-----		-----Multi Family-----	
Gresham	136%	Gresham	143%	Gresham	141%
Troutdale	133%	Wood Village	135%	Troutdale	137%
Cascade Locks	129%	Gold Hill	129%	Wood Village	119%
Metolius	126%	Woodburn	123%	Seaside	118%
Fairview	126%	Coos Bay	121%	Waldport	116%
Wood Village	122%	Keizer	120%	Milton-Freewater	115%
Butte Falls	119%	Myrtle Point	119%	Tigard	114%
Maywood Park	117%	Veneta	118%	Medford	112%
Culver	116%	La Pine	118%	Sisters	110%
Shady Cove	116%	Oakridge	118%	Gold Beach	108%
Sisters	115%	Florence	117%	Klamath Falls	108%
Madras	114%	Waldport	117%	Fairview	108%
Nehalem	112%	Redmond	117%	Talent	107%
Redmond	112%	Coquille	117%	Cornelius	106%
Willamina	112%	Depoe Bay	116%	Myrtle Point	105%
(Minimum 200 accounts)		(Minimum 50 accounts)		(Minimum 10 accounts)	

Note - Data unavailable for cities in: Gilliam, Grant, Lake, Sherman, Wallowa and Wheeler Counties