

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office

Bill Number: HB 2088 - 3
Revenue Area: Property Taxes
Economist: Kyle Easton
Date: 4/26/2017

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Allows city, through ordinance or resolution, to specify that area within city boundary is area to be used for purposes of computing maximum assessed value of specified property. Allows city to adopt or repeal ordinance or resolution no more than once in a five year period. Allows county assessor to withhold city district property tax distributions, up to \$20,000, to cover costs incurred by county for software upgrades required due to city ordinance or resolution.

Revenue Impact: No direct revenue impact

Impact Explanation:

Measure as amended provides permissive option to cities to specify that area within city boundary is area to be used for purposes of computing maximum assessed value of specified property. As option is permissive to cities, no direct revenue impact exists. Ultimate impact upon property tax revenues will depend upon the number of cities that adopt an ordinance or resolution, and value particulars of properties within that city. Impact on property tax revenues over time will be dependent upon growth patterns in property values and location of new property construction.

Depending upon circumstances of properties within city taxing boundaries, specifically whether a city computed changed property ratio is greater than the countywide ratio, cities may opt to define area within city for purposes of determining changed property ratio. Using a greater changed property ratio to determine maximum assessed value of property following an exception event (e.g. - new property improvements, property disqualification from exemption, property partitioned or subdivided) will result in a higher maximum assessed value being calculated for the property. Generally, this will result in a higher tax liability for the property leading to increased property tax revenues for all taxing districts imposing taxes on property located within city that has adopted citywide change property ratio computation.

Depending upon the number of cities that adopt ordinance or resolution, countywide changed property ratios could be affected depending upon a number of factors including property value appreciation and location of new construction.

Creates, Extends, or Expands Tax Expenditure: Yes No