

HB 2088 A STAFF MEASURE SUMMARY

Carrier: Sen. Hass

Senate Committee On Finance and Revenue

Action Date: 06/07/17
Action: Do pass the A-Eng bill.
Vote: 5-0-0-0
Yeas: 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor
Fiscal: Has minimal fiscal impact
Revenue: Revenue impact issued
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WHAT THE MEASURE DOES:

Allows city, if the majority of the population of the city resides in a county with a population greater than 700,000, to specify through ordinance or resolution that area within city boundary is area to be used for purposes of computing maximum assessed value of specified property. Requires public hearing and approval by a three-fifths majority of members of governing body of the city for ordinance or resolution to be adopted. Allows city to adopt or repeal ordinance or resolution no more than once in a five year period. Allows county assessor to withhold from city property tax distribution, amount equal to cost of software upgrades required due to city ordinance or resolution, up to \$60,000. Eliminates redundant statutory language. Changes to definition of area as adopted by city applicable to assessment years beginning on or after January 1, 2019, or with assessor consent, January 1, 2018. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Changes apply prospectively, does not affect existing property or their maximum assessed values
- Need for property tax reform statewide, change contained in measure reflects only a very small fix
- Tax liability differences between properties built prior to 2000 located within City of Gresham district limits as compared to relatively newer built property resulting from application of countywide change property ratio
- Proponents have worked with assessors to address many of their concerns, assessors now neutral on the bill but with concerns if policy made applicable statewide.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Article XI, Section 11(1) of the Oregon Constitution requires property to be valued at the ratio of average maximum assessed value to average real market value of property located in the area in which the property is located that is within the same property class if:

- (A) The property is new property or new improvements to property;
- (B) The property is partitioned or subdivided;
- (C) The property is rezoned and used consistently with the rezoning;
- (D) The property is first taken into account as omitted property;
- (E) The property becomes disqualified from exemption, partial exemption or special assessment; or
- (F) A lot line adjustment is made with respect to the property, except that the total assessed value of all property affected by a lot line adjustment shall not exceed the total maximum assessed value of the affected property under paragraph (a) or (b) of this subsection.

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For property that fits the circumstances described in A-F above, maximum assessed value (MAV) for the property is generally determined through the following formula: RMV of property * (Avg. MAV / Avg. RMV) of property within the same area and classed the same.

HB 2088 gives authority to cities to adjust the "area" as described in the formula above, to be area within the city, rather than the current law area which is countywide. This would have the effect of computing MAV, for properties listed in circumstances A-F above, based upon the ratio of like classed properties located within the city, which may be higher or lower than a countywide ratio.