



Oregon

Kate Brown, Governor

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HB 4060 Introduced, Sections 35 to 37 – Billboard Provisions

The Department of Revenue (DOR) is concerned about certain billboard provisions found in HB 4060, Sections 35 (3) and 36 (15). Specifically, the bill redefines just compensation for billboards to be the Real Market Value (RMV) as defined in ORS 308.205. It is unclear whether this means the RMV determined by the county assessor for ad valorem tax purposes, or a value determined in a new appraisal using that same definition. A provision linking to the assessor's value was included in SB 778 in 2017 and the legislature did not adopt it. Please consider the following:

- Property taxes are calculated on assessed value (AV), which is the lesser of RMV or Maximum Assessed Value (MAV). Taxpayers are only able to appeal their RMV if it is below their MAV because the Tax Court has ruled they are only aggrieved if the overvaluation affects their taxes paid. Linking just compensation to the assessor's RMV could result in ODOT paying too much in a case where the taxpayer would have otherwise appealed an overvalued property but their taxes were not affected.
- Taxpayers don't appeal when their value is too low, so ODOT could pay too little.
- Our understanding is that condemnation appraisals are subject to particular standards, especially when federal funds are involved in the project. Assessors' mass valuation models are not likely in line with these "Yellow Book" appraisal standards. ODOT would be a better source of information on this issue.
- The assessor values property as of January 1st, which is not likely the same date as the taking.
- Assessors' values are always behind. You get your bill in October for the prior January 1st assessment date, so in September 2018 the value showing on the tax roll will still be for January 1, 2017.
- If the assessor's value is being used and the property owner wishes to appeal it is not clear whether the assessor or ODOT is responsible for defending the value in court.

If the intent is to simply use the definition from the tax statutes and not actually link to the value determined by the assessor that would be less concerning. It would be helpful to clarify the language in the bill if that is the intent. We would note that the RMV definition in ORS 308.205 does refer to just compensation, so it would be a bit circular.

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