

Property Taxes Are Key Revenue Source

Property Taxes: 6.76 billion (FY 2017-18)

○ 2.8 billion: K-12 & ESDs

○ 1.3 billion: cities

○ 1.1 billion: counties

○ 0.9 billion: special districts

○ 0.26 billion: community colleges



Measure 50 (1997) (in Constitution)

- 1) Created “assessed value” (AV) for property valuation – which is a real market value discount
- 2) AV was set at 10% less than 1995 RMV; use change property ratio for new property
- 3) Capped annual growth in AV at 3% (so totally divorced from RMV)
- 4) Set permanent rates for all taxing districts (froze at 1997 rate calculation)

Key Measure 50 Problem

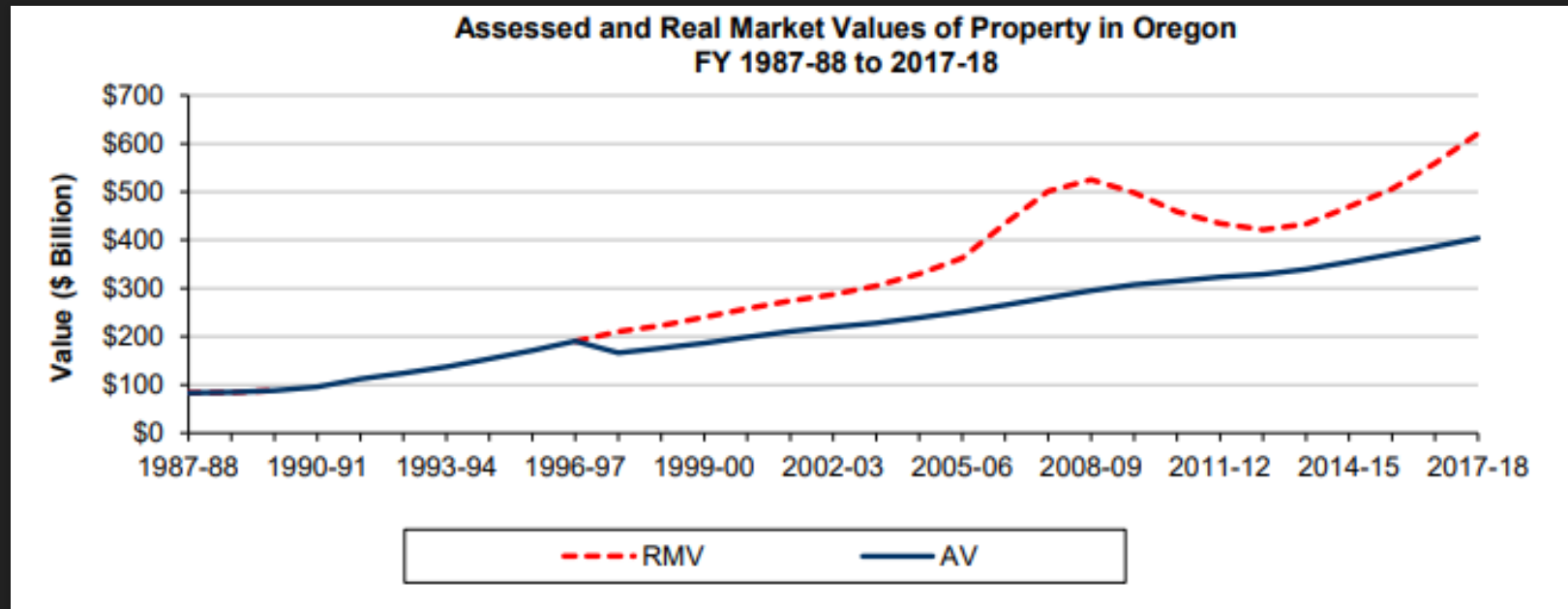
Created valuation inequity that has grown over time

- a) Assessed value/Real market value gap
- b) Change property ratio for new/improved property

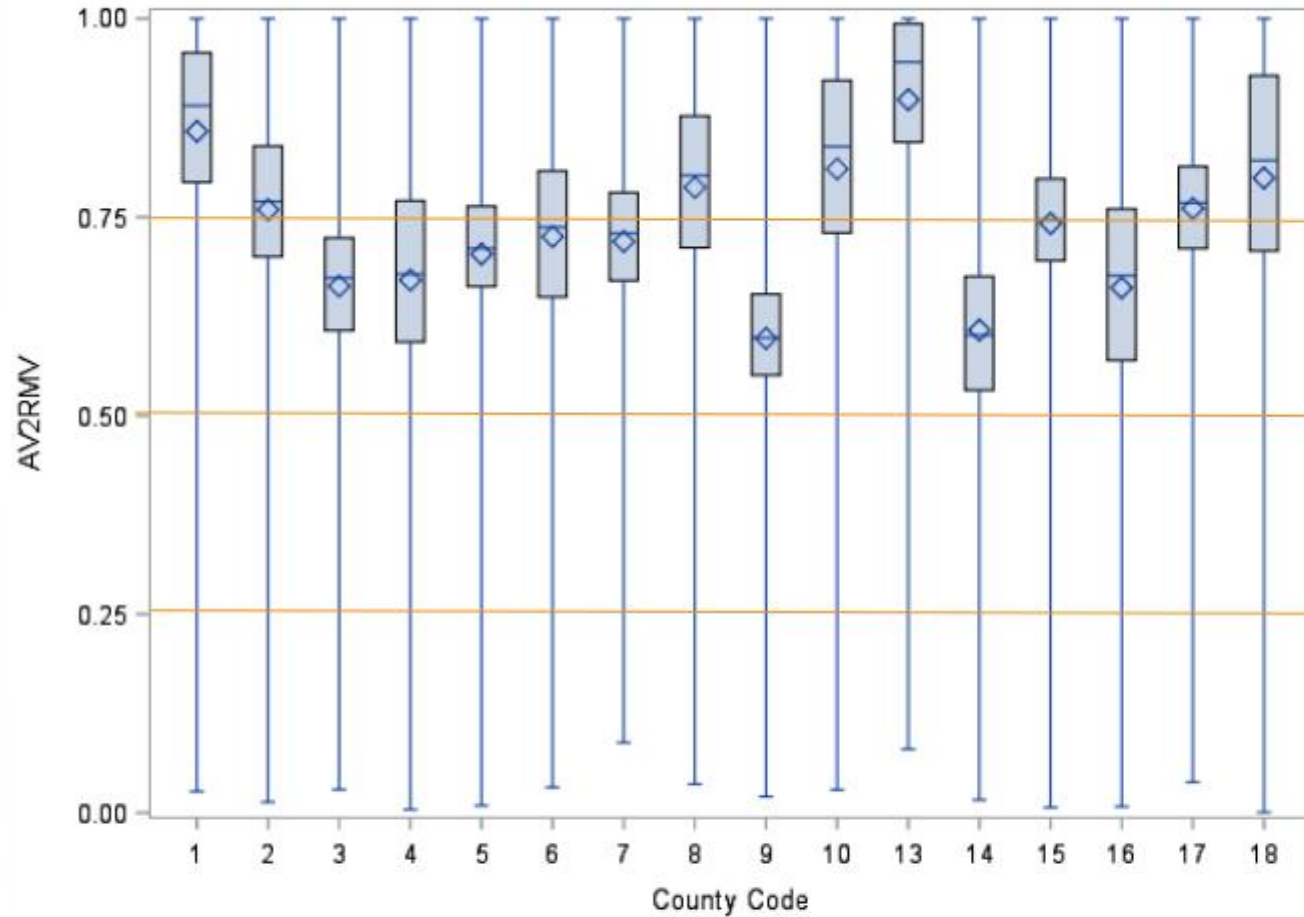
Valuation inequity causes tax inequity because:

$$(\text{Property Value} - \text{Exemptions}) \times \text{Tax Rate} = \text{Taxes}$$

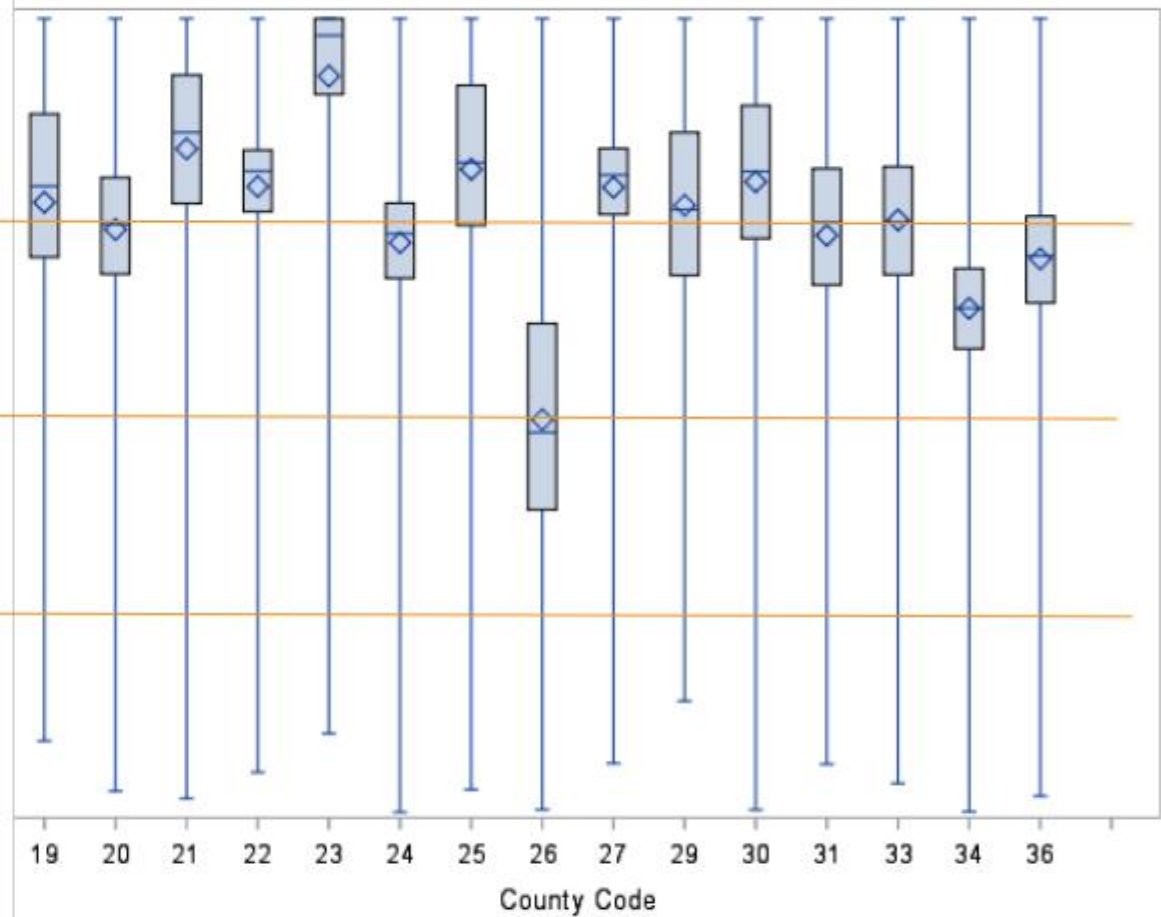
Gap between RMV & AV has grown—now state-wide AV total is **35%** less than RMV



Gap Varies by County



Distribution of AV2RMV by CO



- | | | | |
|--------------|---------------|--------------|---------------|
| 01 BAKER | 09 DESCHUTES | 19 LAKE | 27 POLK |
| 02 BENTON | 10 DOUGLAS | 20 LANE | 29 TILLAMOOK |
| 03 CLACKAMAS | 13 HARNEY | 21 LINCOLN | 30 UMATILLA |
| 04 CLATSOP | 14 HOOD RIVER | 22 LINN | 31 UNION |
| 05 COLUMBIA | 15 JACKSON | 23 MALHEUR | 33 WASCO |
| 06 COOS | 16 JEFFERSON | 24 MARION | 34 WASHINGTON |
| 07 CROOK | 17 JOSEPHINE | 25 MORROW | 36 YAMHILL |
| 08 CURRY | 18 KLAMATH | 26 MULTNOMAH | |

Slide courtesy of LRO

Tale of Two Houses– Tax Inequities (Salem)

Both houses sold in mid-2013 for approximately \$160,000



Difference in property taxes paid per year: **\$993**

Tax amounts in this example are from FY 2015-16.

Tale of Two Houses– Tax Inequities (Portland)

RMV in 1997: \$178,300

RMV in 1997: \$98,000

Both houses sold in June 2013 for approximately \$325,000



Difference in property taxes paid per year: **\$3,437**

Tax amounts in this example are from FY 2015-16.

Tale of Two Businesses Too– Tax Inequities

Both gas stations have a real market value of approximately \$1.4 million.

GAS STATION A



9000 Block Barbur Blvd., Portland

GAS STATION B



6500 Block N Interstate, Portland

Difference in property taxes paid per year: \$10,995

Tax amounts in this example are from 2017 and are based on land and buildings only (personal property is not included).

Property Tax Statistics for 98 Gas Stations in Portland



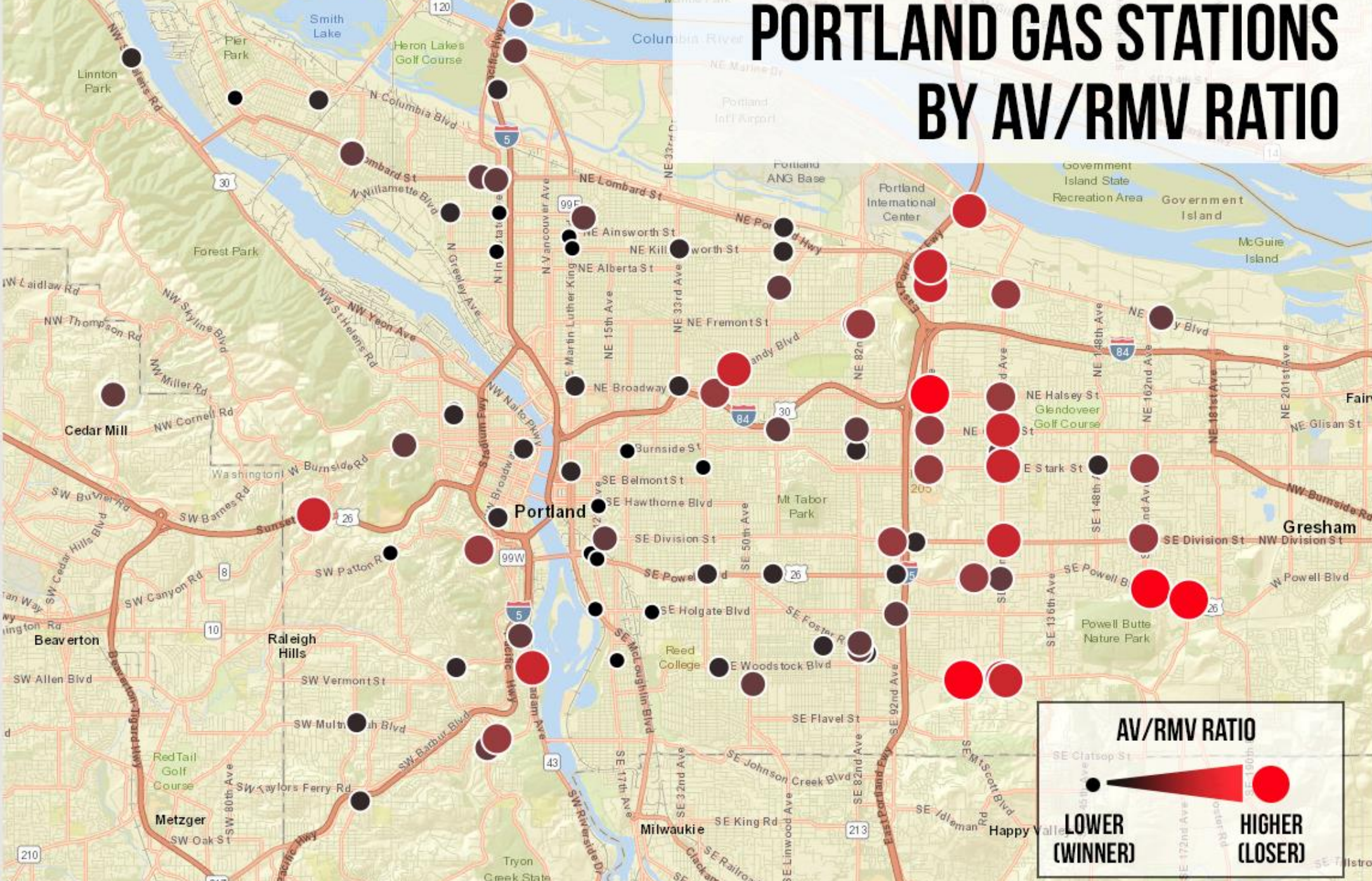
| # | Gas Station Number | Real Market Value (RMV) | Assessed Value (AV) | AV/RMV Ratio | 2017 Taxes | RMV Tax Rate | AV Tax Rate |
|----|---------------------|-------------------------|---------------------|--------------|----------------|--------------|--------------|
| 1 | | \$2,509,840 | \$480,700 | 18.4% | \$11,524 | 0.48% | 2.50% |
| 2 | N Interstate | \$1,433,970 | \$270,030 | 18.8% | \$8,754 | 0.47% | 2.50% |
| 3 | | \$989,310 | \$189,440 | 19.5% | \$4,734 | 0.49% | 2.50% |
| 4 | | \$1,518,910 | \$322,710 | 21.2% | \$8,072 | 0.53% | 2.50% |
| 5 | | \$1,797,480 | \$390,480 | 21.7% | \$9,767 | 0.54% | 2.50% |
| 6 | | \$1,792,110 | \$391,760 | 21.9% | \$9,789 | 0.55% | 2.50% |
| 7 | | \$1,501,500 | \$336,600 | 22.4% | \$8,419 | 0.56% | 2.50% |
| 8 | | \$966,020 | \$225,450 | 23.3% | \$5,644 | 0.58% | 2.50% |
| 9 | | \$3,679,940 | \$897,450 | 24.4% | \$22,448 | 0.61% | 2.50% |
| 10 | | \$1,491,540 | \$371,650 | 24.9% | \$9,296 | 0.62% | 2.50% |
| 11 | | \$2,103,290 | \$531,550 | 25.3% | \$13,296 | 0.63% | 2.50% |
| 12 | | \$1,823,060 | \$473,520 | 26.0% | \$11,844 | 0.65% | 2.50% |
| 13 | | \$978,420 | \$255,710 | 26.1% | \$6,396 | 0.65% | 2.50% |
| 14 | | \$3,656,250 | \$957,990 | 26.2% | \$23,962 | 0.66% | 2.50% |
| 15 | | \$666,140 | \$205,260 | 30.8% | \$4,397 | 0.66% | 2.14% |
| 16 | | \$1,806,770 | \$484,290 | 26.8% | \$12,114 | 0.67% | 2.50% |
| 17 | | \$3,029,560 | \$960,690 | 31.7% | \$20,659 | 0.68% | 2.15% |
| 18 | | \$7,626,840 | \$2,095,140 | 27.5% | \$52,408 | 0.69% | 2.50% |
| 19 | | \$2,670,780 | \$768,400 | 28.8% | \$19,220 | 0.72% | 2.50% |
| 20 | | \$5,932,000 | \$1,732,290 | 29.2% | \$43,287 | 0.73% | 2.50% |
| 21 | | \$1,502,090 | \$451,010 | 30.0% | \$11,270 | 0.75% | 2.50% |
| 22 | | \$1,407,640 | \$429,140 | 30.5% | \$10,724 | 0.76% | 2.50% |
| 23 | | \$1,379,370 | \$422,030 | 30.6% | \$10,556 | 0.77% | 2.50% |
| 24 | | \$780,450 | \$239,070 | 30.6% | \$5,980 | 0.77% | 2.50% |
| 25 | | \$914,320 | \$286,580 | 31.3% | \$7,168 | 0.78% | 2.50% |
| 26 | | \$4,425,820 | \$1,414,970 | 32.0% | \$35,393 | 0.80% | 2.50% |
| 27 | | \$1,045,960 | \$332,630 | 31.8% | \$8,321 | 0.80% | 2.50% |
| 28 | | \$568,180 | \$182,080 | 32.0% | \$4,554 | 0.80% | 2.50% |
| 29 | | \$1,155,210 | \$372,590 | 32.3% | \$9,320 | 0.81% | 2.50% |
| 30 | | \$896,320 | \$290,660 | 32.4% | \$7,270 | 0.81% | 2.50% |
| 31 | | \$2,378,020 | \$775,840 | 32.6% | \$19,406 | 0.82% | 2.50% |
| 32 | | \$1,877,050 | \$615,840 | 32.8% | \$15,403 | 0.82% | 2.50% |
| 33 | | \$861,997 | \$262,540 | 32.8% | \$7,067 | 0.82% | 2.50% |
| 34 | | \$858,630 | \$279,970 | 32.6% | \$7,003 | 0.82% | 2.50% |
| 35 | | \$1,295,210 | \$497,620 | 38.4% | \$10,701 | 0.83% | 2.15% |
| 36 | | \$2,076,810 | \$804,650 | 38.7% | \$17,236 | 0.83% | 2.14% |
| 37 | | \$1,299,470 | \$443,520 | 34.1% | \$11,094 | 0.85% | 2.50% |
| 38 | | \$919,510 | \$313,780 | 34.1% | \$7,849 | 0.85% | 2.50% |
| 39 | | \$2,445,010 | \$845,940 | 34.6% | \$21,138 | 0.86% | 2.50% |
| 40 | | \$2,305,340 | \$797,660 | 34.6% | \$19,932 | 0.86% | 2.50% |
| 41 | | \$1,626,880 | \$559,880 | 34.4% | \$13,990 | 0.86% | 2.50% |
| 42 | | \$981,610 | \$337,160 | 34.3% | \$8,433 | 0.86% | 2.50% |
| 43 | | \$2,414,270 | \$836,150 | 34.6% | \$20,915 | 0.87% | 2.50% |
| 44 | | \$2,950,580 | \$1,040,840 | 35.3% | \$26,009 | 0.88% | 2.50% |
| 45 | | \$857,400 | \$357,350 | 41.7% | \$7,558 | 0.88% | 2.12% |
| 46 | | \$914,210 | \$320,100 | 35.0% | \$8,007 | 0.88% | 2.50% |
| 47 | | \$712,380 | \$250,840 | 35.2% | \$6,274 | 0.88% | 2.50% |
| 48 | | \$2,674,460 | \$953,750 | 35.7% | \$23,856 | 0.89% | 2.50% |
| 49 | | \$1,172,400 | \$419,400 | 35.8% | \$10,483 | 0.89% | 2.50% |
| 50 | | \$1,577,550 | \$568,180 | 36.0% | \$14,198 | 0.90% | 2.50% |
| 51 | | \$1,466,130 | \$613,330 | 41.8% | \$13,138 | 0.90% | 2.14% |
| 52 | | \$2,222,350 | \$806,420 | 36.3% | \$20,171 | 0.91% | 2.50% |
| 53 | | \$1,161,370 | \$424,160 | 36.5% | \$10,610 | 0.91% | 2.50% |
| 54 | | \$1,678,060 | \$726,960 | 43.3% | \$15,262 | 0.91% | 2.10% |
| 55 | | \$754,060 | \$332,320 | 44.1% | \$7,118 | 0.94% | 2.14% |
| 56 | | \$597,180 | \$267,240 | 44.8% | \$5,618 | 0.94% | 2.10% |
| 57 | | \$1,707,660 | \$757,710 | 44.4% | \$16,230 | 0.95% | 2.14% |
| 58 | | \$1,160,610 | \$443,160 | 38.2% | \$11,085 | 0.96% | 2.50% |
| 59 | | \$838,040 | \$361,520 | 45.5% | \$8,070 | 0.96% | 2.12% |
| 60 | | \$2,290,840 | \$1,049,720 | 45.8% | \$22,066 | 0.96% | 2.10% |
| 61 | | \$804,120 | \$308,000 | 38.3% | \$7,704 | 0.96% | 2.50% |

| # | Gas Station Number | Real Market Value (RMV) | Assessed Value (AV) | AV/RMV Ratio | 2017 Taxes | RMV Tax Rate | AV Tax Rate |
|----|------------------------|-------------------------|---------------------|--------------|-----------------|--------------|--------------|
| 62 | | \$1,453,920 | \$572,090 | 39.3% | \$14,296 | 0.98% | 2.50% |
| 63 | | \$1,131,960 | \$447,370 | 39.5% | \$11,190 | 0.98% | 2.50% |
| 64 | | \$1,985,910 | \$804,160 | 40.5% | \$20,115 | 1.01% | 2.50% |
| 65 | | \$1,872,920 | \$759,750 | 40.6% | \$19,004 | 1.01% | 2.50% |
| 66 | | \$397,050 | \$186,970 | 47.1% | \$4,005 | 1.01% | 2.14% |
| 67 | | \$7,103,680 | \$2,884,000 | 40.6% | \$72,138 | 1.02% | 2.50% |
| 68 | | \$3,168,180 | \$1,286,950 | 40.6% | \$32,190 | 1.02% | 2.50% |
| 69 | | \$1,367,360 | \$664,360 | 48.6% | \$14,051 | 1.03% | 2.11% |
| 70 | | \$1,519,110 | \$633,300 | 41.7% | \$15,841 | 1.04% | 2.50% |
| 71 | | \$1,519,110 | \$633,300 | 41.7% | \$15,841 | 1.04% | 2.50% |
| 72 | | \$1,568,760 | \$664,170 | 42.3% | \$16,613 | 1.06% | 2.50% |
| 73 | | \$4,145,030 | \$1,782,280 | 43.0% | \$44,536 | 1.07% | 2.50% |
| 74 | | \$1,503,960 | \$648,810 | 43.1% | \$16,229 | 1.08% | 2.50% |
| 75 | | \$2,338,250 | \$1,021,650 | 43.7% | \$25,554 | 1.09% | 2.50% |
| 76 | | \$1,193,820 | \$523,110 | 43.8% | \$13,072 | 1.09% | 2.50% |
| 77 | | \$1,074,140 | \$478,830 | 44.6% | \$11,977 | 1.12% | 2.50% |
| 78 | | \$584,880 | \$305,470 | 52.2% | \$6,543 | 1.12% | 2.14% |
| 79 | | \$1,954,820 | \$881,050 | 45.1% | \$22,038 | 1.13% | 2.50% |
| 80 | | \$833,060 | \$376,500 | 45.2% | \$9,417 | 1.13% | 2.50% |
| 81 | | \$1,662,710 | \$767,280 | 46.1% | \$19,193 | 1.15% | 2.50% |
| 82 | | \$910,620 | \$424,950 | 46.7% | \$10,619 | 1.17% | 2.50% |
| 83 | | \$1,443,830 | \$802,640 | 55.6% | \$16,872 | 1.17% | 2.10% |
| 84 | | \$2,847,100 | \$1,614,950 | 56.7% | \$33,948 | 1.19% | 2.10% |
| 85 | | \$1,100,680 | \$628,760 | 57.1% | \$13,468 | 1.22% | 2.14% |
| 86 | | \$808,480 | \$461,870 | 57.1% | \$9,893 | 1.22% | 2.14% |
| 87 | | \$570,240 | \$326,860 | 57.3% | \$7,002 | 1.23% | 2.14% |
| 88 | | \$295,230 | \$170,320 | 57.7% | \$3,644 | 1.23% | 2.14% |
| 89 | SW Babcock Blvd | \$1,408,880 | \$710,290 | 50.4% | \$17,749 | 1.26% | 2.50% |
| 90 | | \$1,444,620 | \$858,120 | 59.4% | \$18,361 | 1.27% | 2.14% |
| 91 | | \$1,811,770 | \$1,100,440 | 60.7% | \$23,133 | 1.28% | 2.10% |
| 92 | | \$907,830 | \$574,780 | 63.3% | \$12,083 | 1.33% | 2.10% |
| 93 | | \$1,811,140 | \$982,200 | 54.2% | \$24,194 | 1.34% | 2.46% |
| 94 | | \$245,130 | \$158,340 | 64.6% | \$3,349 | 1.37% | 2.12% |
| 95 | | \$1,248,290 | \$707,620 | 56.7% | \$17,710 | 1.42% | 2.50% |
| 96 | | \$665,490 | \$458,230 | 68.6% | \$9,697 | 1.46% | 2.13% |
| 97 | | \$884,140 | \$616,150 | 69.7% | \$13,032 | 1.47% | 2.12% |
| 98 | | \$2,844,860 | \$1,717,200 | 60.4% | \$42,910 | 1.51% | 2.50% |
| | | | | | \$1,509,755 | 0.93% | |

Notes: All values for 2017. Only real property accounts (land and buildings) are included. Business property accounts (pumps and other equipment) are not included. Rate differences between school districts in the city cause variation in effective tax rates.

Sources: <http://www.multiconproptax.org/> and <https://www.portlandmaps.com/>

PORTLAND GAS STATIONS BY AV/RMV RATIO



AV/RMV RATIO

LOWER (WINNER) **HIGHER (LOSER)**

“LET CITIES WORK”



- League priority in 2019 session is meaningful property tax reform
- SJR 2 and SJR 21 would take meaningful steps— thank you for starting this important conversation. Its time to restore tax fairness and fix the broken system.
- Thank you!