

Property Tax Reform Discussion Continued

House Committee on Revenue

March 8, 2021

State of Oregon

LEGISLATIVE REVENUE OFFICE





Issues for Consideration

- Is the property tax regressive or is it a wealth tax?
- Incremental reform vs wholesale change
 - Phase-in any changes (M50 lessons)
- Uniformity vs local choices/control
- Interim Task force
 - Complexities and policy implications
 - Existing property classes
- What should be the role of local fees?
- M5 and Compression

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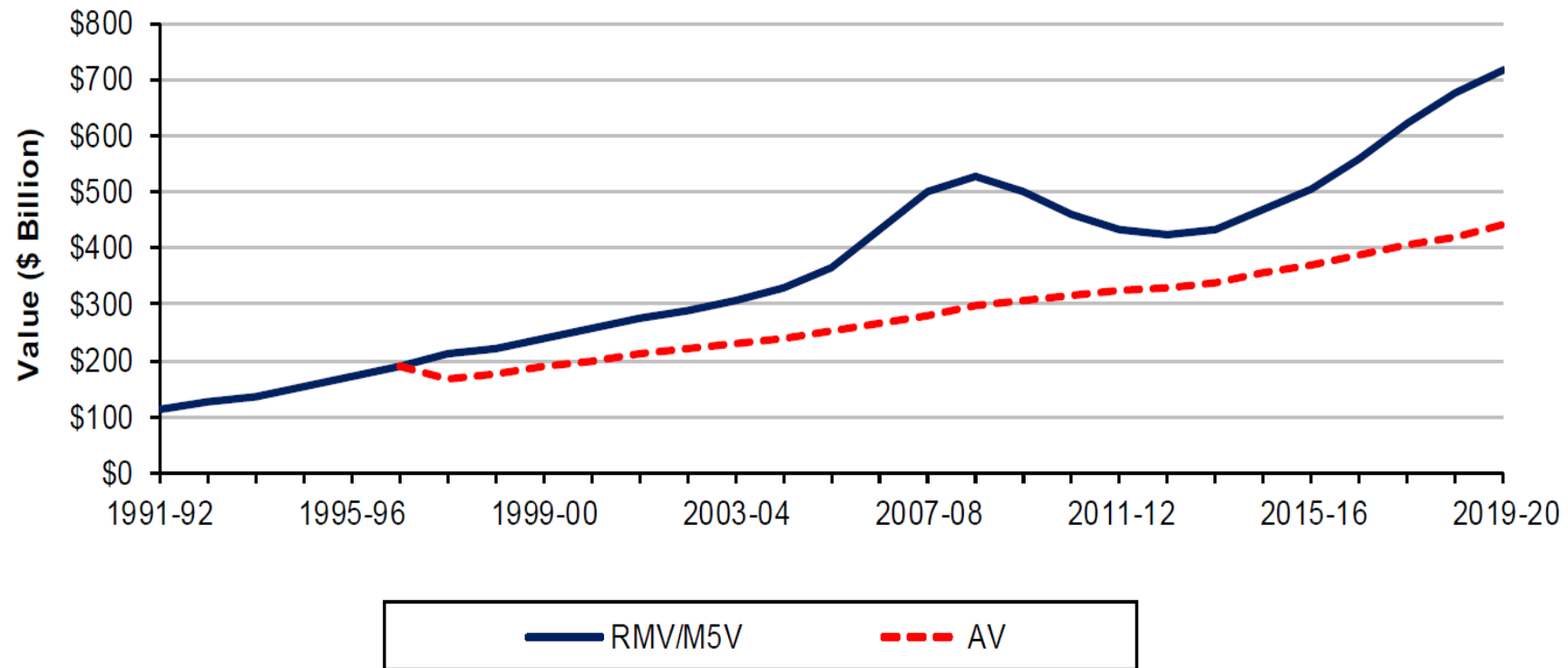




M50, RMV, and AV

Exhibit 7

Assessed and Real Market Value¹⁵ of Taxable Property in Oregon
FY 1991-92 to 2019-20

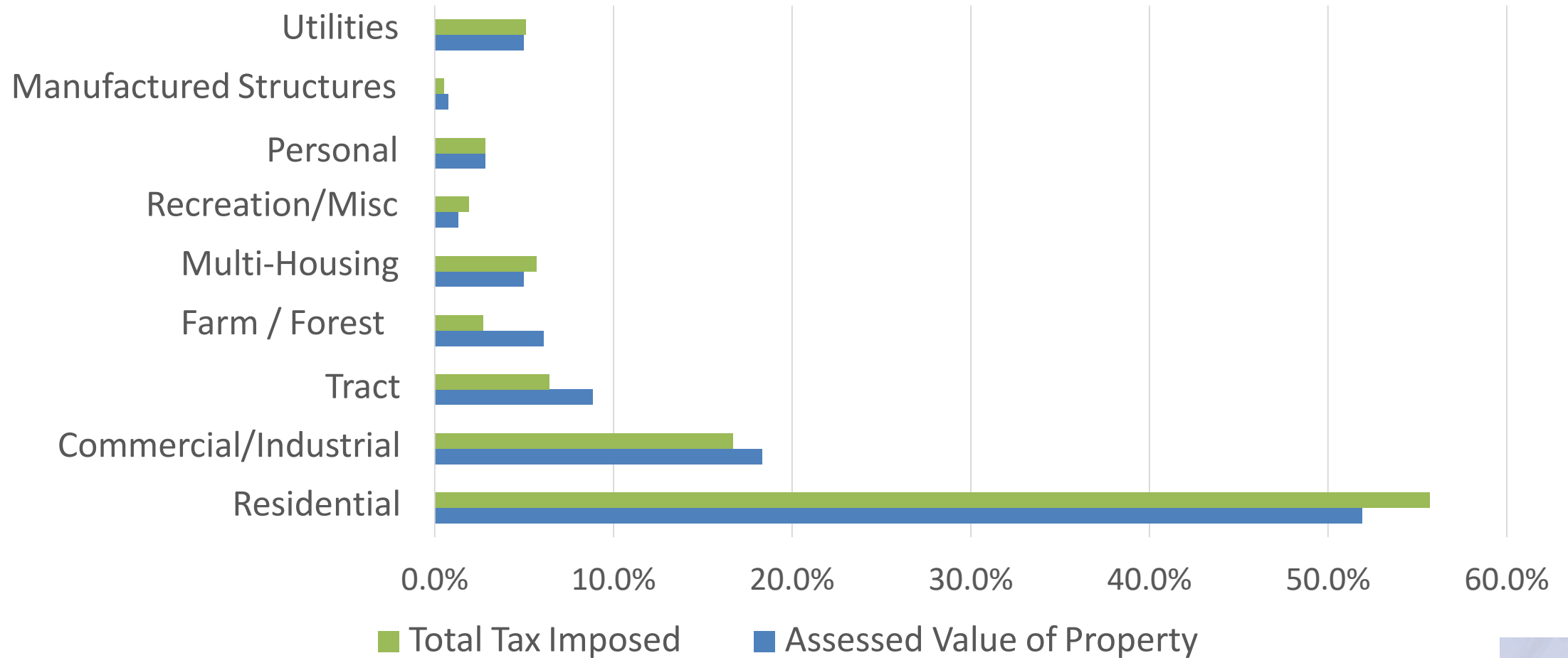


- Predictability
- Fairness
 - Equity
 - Ability to Pay
 - Regional
- Administration
 - Appeals
 - Assessment Function





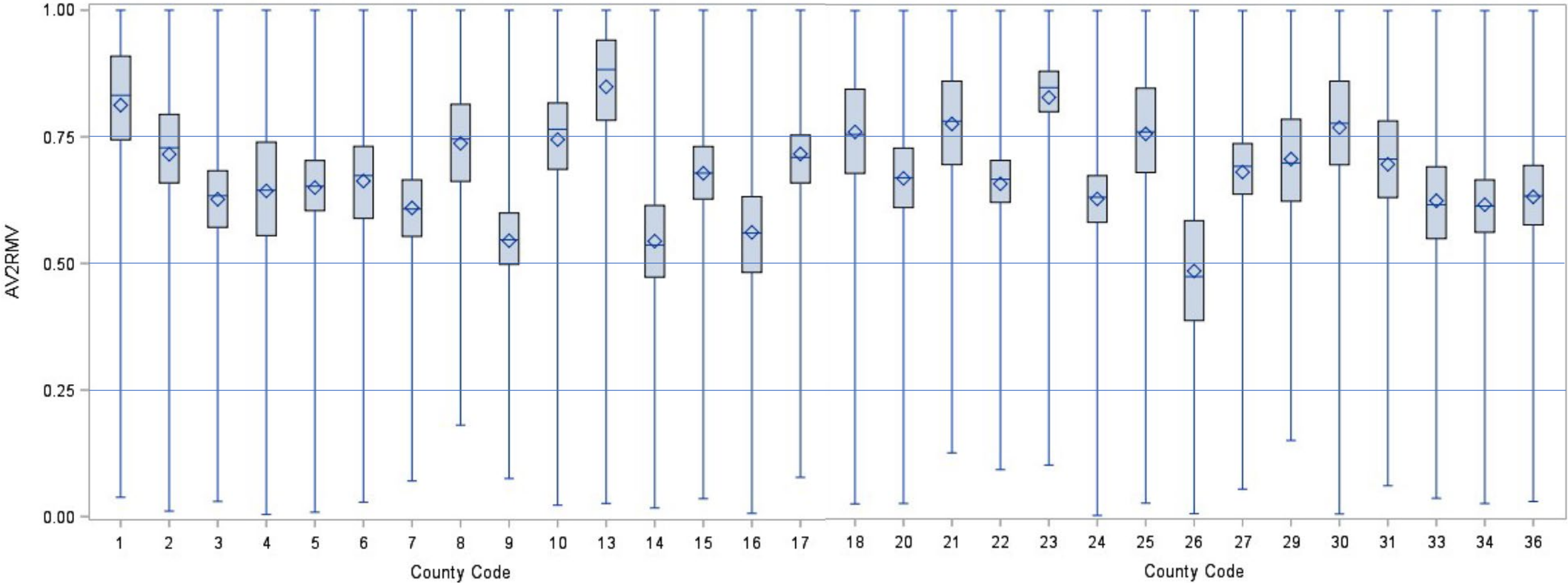
Property AV and Tax Imposed by Class



Residential Property (2019-20, 30 Counties)

Distribution of AV2RMV by CO

Distribution of AV2RMV by CO



- | | | | | |
|-------------|---------------|--------------|--------------|---------------|
| 1 BAKER | 7 CROOK | 15 JACKSON | 22 LINN | 29 TILLAMOOK |
| 2 BENTON | 8 CURRY | 16 JEFFERSON | 23 MALHEUR | 30 UMATILLA |
| 3 CLACKAMAS | 9 DESCHUTES | 17 JOSEPHINE | 24 MARION | 31 UNION |
| 4 CLATSOP | 10 DOUGLAS | 18 KLAMATH | 25 MORROW | 33 WASCO |
| 5 COLUMBIA | 13 HARNEY | 20 LANE | 26 MULTNOMAH | 34 WASHINGTON |
| 6 COOS | 14 HOOD RIVER | 21 LINCOLN | 27 POLK | 36 YAMHILL |

Median - solid horizontal line in box
 Mean - diamond in box
 Max - upper horizontal line
 Min - lower horizontal line
 Box - interquartile range

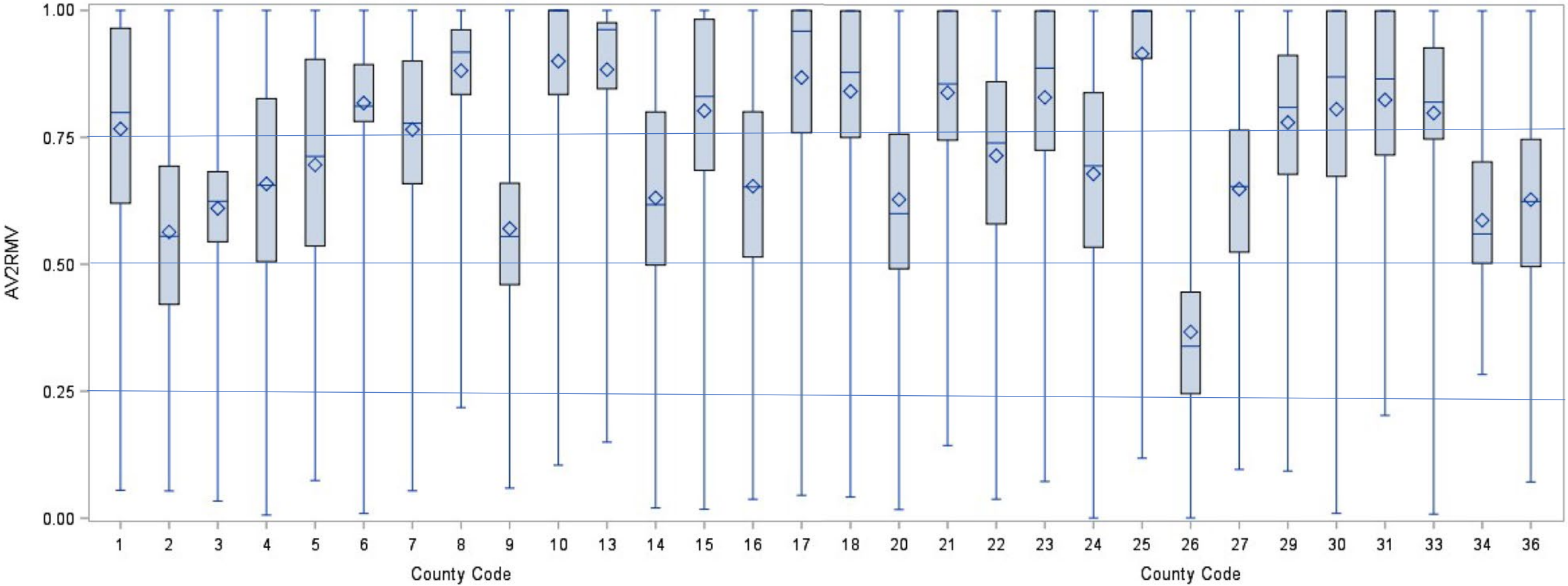




Commercial/Industrial Property (2019-20, 30 Counties)

Distribution of AV2RMV by CO

Distribution of AV2RMV by CO



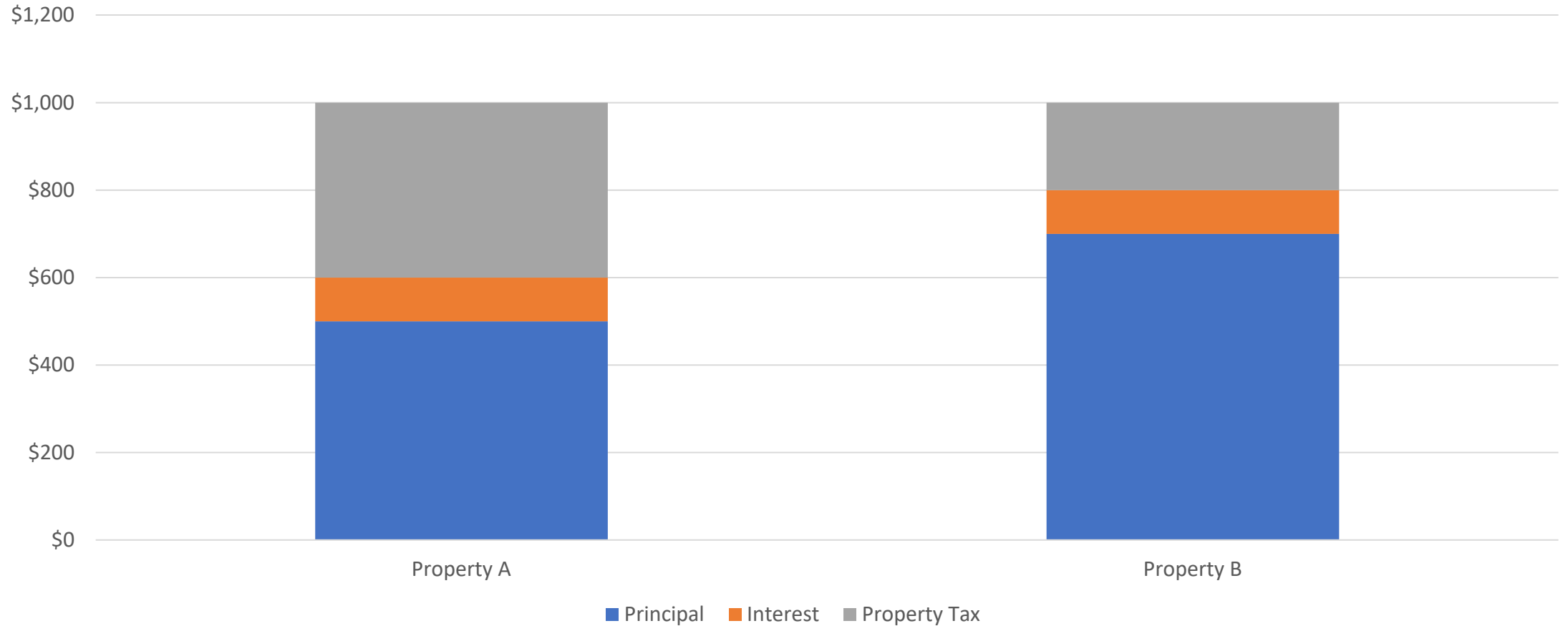
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Capitalized Tax Savings Example





Task Force on Comprehensive Revenue Restructuring - 2008

- Measure 50 creates inequities in the property tax system by separating assessed property value from market value. Homeowners pay taxes based on their assessed value, not the market value of their property. This means that homeowners in high-growth real estate markets will tend to pay a lower percentage of the value of their home in taxes than those in low-growth real estate markets.
- Property tax rates for local taxing districts (permanent rates) were determined when Measure 50 was enacted in 1997. Although many local governments can raise short-term option levies, a constitutional amendment would be required to raise these permanent rates (and to establish permanent rates for those local governments that did not have them in 1997) making it difficult for local governments to respond to institutional changes such as the phase out of federal timber payments to counties. However, Measure 50 does allow counties, with the approval of their voters to establish new taxing districts for services such as sheriff's patrols, libraries and agricultural programs.
- Property tax revenue is largely set by Measure 50 and property tax revenue growth is not closely linked to the rate of inflation. This means that local governments are put under significant stress when the inflation rate rises above 5% such as it has over the 2006-08 period.





Reference Materials

- [Oregon Property Tax Statistics](#)
 - Oregon Department of Revenue, 2019-20
- [Trends in Income and Wealth Inequality](#)
 - Pew Research Center (2020)
- [Who Pays?](#)
 - Institute on Taxation and Economic Policy (2018)
- [Oregon Property Tax Capitalization](#)
 - Northwest Economic Research Center (2014)
- [Horizontal Inequities Under Measure 50](#)
 - Legislative Revenue Office (2010)
- [Task Force on Comprehensive Revenue Restructuring](#)
 - Legislative Revenue Office (2009)



For More Information

- Legislative Revenue Office
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- <https://www.oregonlegislature.gov/lro>