

**SB 712 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 3/26

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**WHAT THE MEASURE DOES:**

Requires the maximum assessed value of a property to increase by three percent per year. Applies to property tax years 2026-27 and after.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Oregon voters passed Measure 47 in November 1996, but due to structural flaws, the Legislature crafted Measure 50 (M50) which was passed by voters in May 1997. M50 fundamentally changed Oregon's property tax from a levy-based system to a rate-based system, reduced the 1997-98 assessed value (AV) of a property to 90 percent of the 1995-96 AV, and capped future growth in the maximum assessed value (MAV) of a property at three percent per year. The implication of the MAV is that the AV and the associated tax bill grow at three percent per year in most situations. However, during an economic downturn the AV of a property can decrease or increase by less than three percent a year. Furthermore, the AV of a property can increase by more than three percent a year during the recovery from an economic downturn.