

Property Tax: Maximum Assessed Value

Senate Committee on Finance Revenue

3/26/2025



How MAV and AV were created in Oregon

- Oregon voters passed Measure 47 in Nov 1996, but due to structural flaws, the Legislature crafted Measure 50 (M50) which was passed by voters in May 1997
 - Changed Oregon's property tax system from levy-based to rate-based
 - Reduced 1997-98 assessed value of a property to 90% of 1995-96 AV
 - Capped growth in maximum assessed value of a property at 3% per year

Property Value Terminology

Real Market Value (RMV) - amount...paid by an informed buyer to an informed seller in a voluntary transaction

Maximum Assessed Value (MAV) - taxable value limit for each property

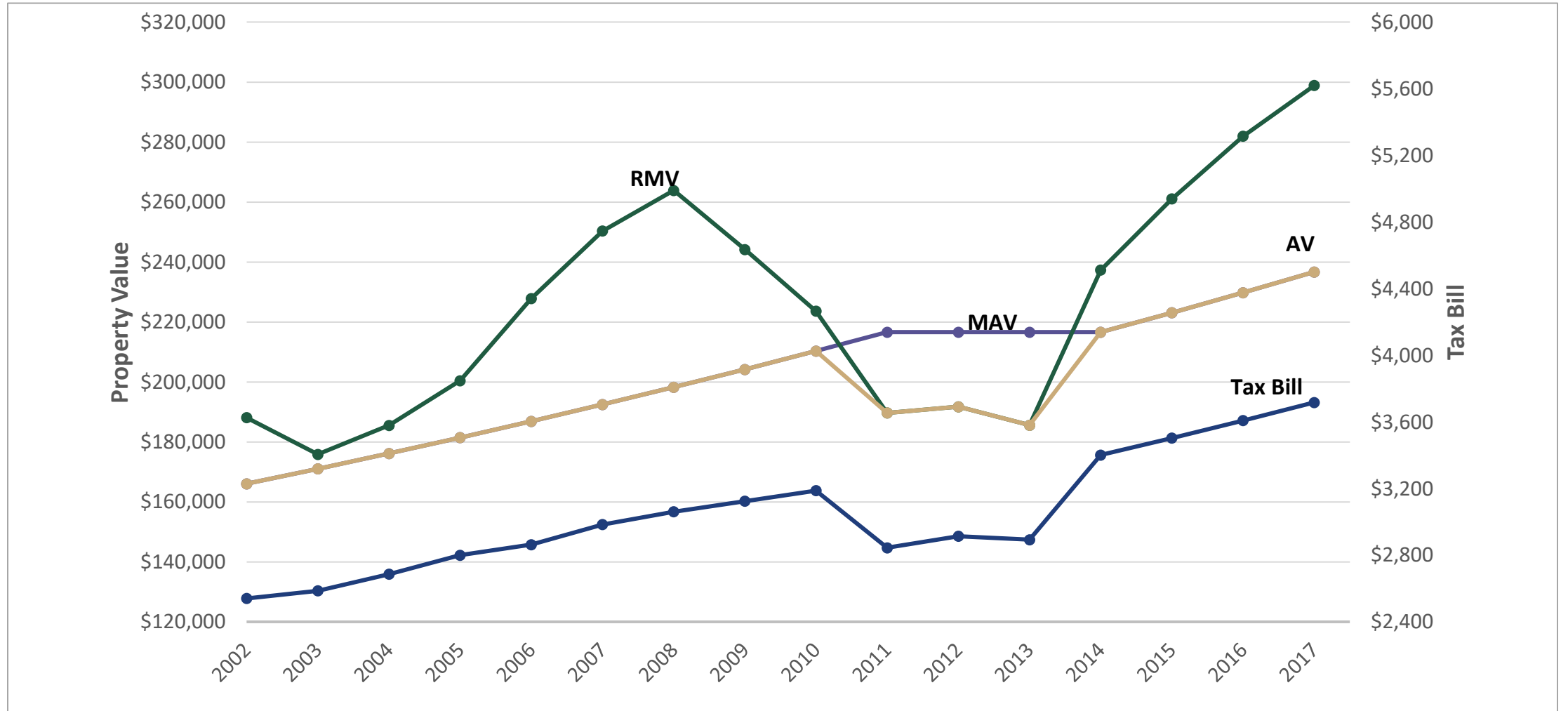
- For 1997-98, set at 90% of 1995-96 property value
- New property = $RMV \times CPR$
 - Changed Property Ratio (CPR) is MAV/RMV for a property class and area
- Grows by 3% or 0% per year (usually 3% per year)

Assessed Value (AV) - value in which tax rate is applied to determine tax bill. It is the smaller of MAV and RMV

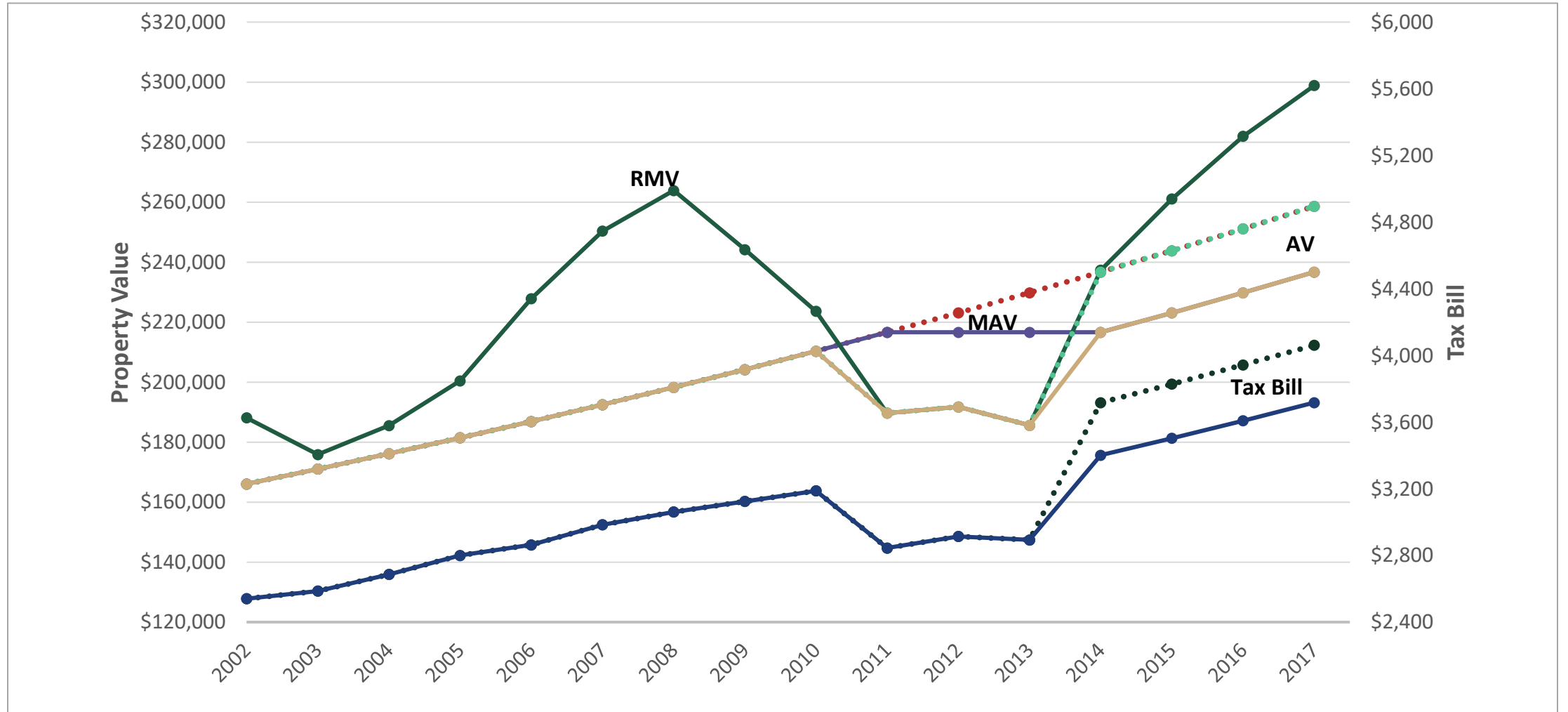
Implications of MAV for the AV and Tax Bill

- In most situations, AV of a property grows at 3% per year
- During an economic downturn, AV of a property can increase/decrease by more/less than 3% a year
- During the recovery from an economic downturn, AV of a property can increase by more than 3% a year

Example Property Values and Tax Bill



Example Property Values and Tax Bill (cont.)



Note: Dashed lines are example MAV, AV, and tax bill under SB 712 (2025)

Legislative Revenue Office
~~900 Court St. NE, Room 160~~
255 Capitol St. NE, 5th Floor (PSB)
Salem, OR 97301
503-986-1266
<https://www.oregonlegislature.gov/lro>

