

**CHAPTER 222**  
**CITY BOUNDARY CHANGES; MERGERS; CONSOLIDATION; WITHDRAWALS**

**150-222.111(3)**

**Calculation of Phase-in City Tax Rates**

- (1) Only the tax rate of the city will be affected by this rule.
- (2) This calculation shall be done for each category of levy of the city when the assessor is notified by the city that an annexed area is to have its rate phased-in over a number of years under the authority of ORS 222.111. The assessor shall use these steps to calculate the city tax rate(s):
  - (a) Step 1: Establish the annexed area(s) as a separate code area(s).
  - (b) Step 2: Determine the current year rate computation value of the city without the annexed area(s) for which tax rates are being phased in.
  - (c) Step 3: Determine the current year rate computation value of the annexed area(s) for which tax rates are being phased-in.
    - (A) If the city certifies only a rate, determine the maximum billing rate. Any tax offset rate is subtracted from the certified rate based on the value of the nonphased-in areas of the city. Multiply the phase-in ratio percentage by the billing rate for each phase-in area established as a separate code area. The result of this calculation will be the city billing rate for that phase-in area.
    - (B) If the city only certifies a rate, it is not necessary to complete the rest of the steps. The remaining steps only apply in the case where the city has certified a levy in dollars and cents.
  - (d) Step 4: Multiply the current year taxable assessed value of the annexed area(s) for which tax rates are being phased-in, by the ratio that the tax rate of the annexed area will be to the maximum rate within the area(s) of the city which will pay the maximum tax rate of the city.
  - (e) Step 5: Add the result(s) of Step 4 of this rule to the value determined in Step 2.
  - (f) Step 6: Divide the net category of levy for the city by the value calculated in Step 5 and truncate the rate as provided in OAR 150-310.090. This is the maximum tax rate of the city.
  - (g) Step 7: Multiply the result of Step 6 by the ratio the rate in the annexed area will be and round to 7 decimal places. The result is the maximum rate of the city for the category of levy in the annexed area for the fiscal year.
  - (h) Step 8: Multiply the result of Step 7, the rate in the annexed area, by the current year rate computation value of the annexed area. This is the amount to be raised for this category of levy of the city, before any compression due to the limits of Section 11b, Article XI of the Oregon Constitution, in the annexed area.
  - (i) Step 9: Multiply the result of Step 6 (the maximum city rate) by the current year rate computation value of the city without annexed area(s) which will have a ratio of the city tax rate (the value determined in Step 2). This is the amount of tax to be raised for this category of levy of the city, before any compression due to the limits of Section 11b, Article XI of the Oregon Constitution, in the city portion which is paying the maximum rate.
  - (j) Step 10: Verify the result by adding the results of Step 8 and 9. This amount should equal the city's category of levy, except for any loss due to the truncation of tax rates.

(3) Example:

City has certified under their permanent rate limit general government category: 4.90 per thousand.

City has certified under the exempt category: \$900,000 for debt service.

The city's phase-in ratio percentage is: Annex 1 - 45.00% and Annex 2 - 70.00%

The city's offset rate is:

$$\frac{\text{offset value}}{\text{current year assessed value outside annex area}} = \frac{95,430}{300,000,000} = .03181/\text{thousand}$$

**Rate Allocation:**

	City Certified Rate	City Offset Rate	Maximum Billing Rate	Ratio Percentage	Maximum Billing Rate Allocated
City (Outside Annex Areas)	\$4.90	.3181	\$4.5819	100%	\$4.5819
Annex 1	Not Applicable	Not Applicable	\$4.5819	45%	\$2.0618
Annex 2	Not Applicable	Not Applicable	\$4.5819	70%	\$3.2073

**Dollar and Cent Levy Allocation:**

	Current Year Assessed Value	Current Year Urban Renewal	Phase in Adjusted Value	Value Ratio Percent	Rate Computation	Maximum Rate
City (Outside Annex Areas)	\$300,000,000	0	\$300,000,000	100.00%	\$300,000,000	.0029816
Annex 1	1,000,000	0	1,000,000	45.00%	450,000	.0013417
Annex 2	2,000,000	0	2,000,000	70.00%	1,400,000	.0020871
Totals			\$303,000,000		\$301,850,000	

**Dollar and Cent Levy Allocation (Continued):**

	Rate Per \$1,000	Amount to be Raised	Percent of Total Rate Value	Allocated Levy	Loss Due to Truncation
City (Outside Annex Areas)	\$2.9816	\$894,480.00	99.38712%	\$894,484.07	(4.07)
Annex 1	1.3417	1,341.70	.14908%	1,341.71	(.01)
Annex 2	2.0871	4,174.20	.46380%	4,174.22	(.02)
Totals		\$899,995.90	100.00000%	\$900,000.00	(4.10)

**Levy Allocation Verification:**

	Maximum City Rate	Ratio Percent	Rate Times Ratio	City Rate In Area	Difference
City	\$2.9816	100.00%	\$2.9816	2.9816	.0000
Annex 1	\$2.9816	45.00%	1.3417	1.3417	.0000
Annex 2	\$2.9816	70.00%	2.0871	2.0871	.0000

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 222.111

Hist.: RD 3-1991, f. 12-30-91, cert. ef. 12-31-91; REV 13-1999, f. 12-30-99, cert. ef. 12-31-99