

Oregon's Property Tax System

A joint venture of state and local government

Supplement to presentation to House Interim Revenue Committee
By Department of Revenue, Property Tax Division

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The property tax was first established in Oregon in 1844 and funded both state and local government operations. In 1942, Oregon phased out the statewide property tax and replaced it with a statewide income tax.

Property tax remains the second largest source of tax revenue in Oregon, but it funds only local (not state) government programs. How significant is the property tax relative to total state and local revenue?

The **income tax represents 54 percent**, and the **property tax represents 43 percent** of total Oregon state and local tax revenue.

The Department of Revenue and the 36 Oregon counties administer the property tax. Oregon's constitution requires taxes to be levied and collected under laws that operate uniformly throughout the state. See Article IX, Section 1, adopted 1859, last updated 1917.

All 50 states have a property tax for funding either local or state government operations

The Property Tax

- First established in Oregon in 1844
- Currently the second largest source of tax funds
- Property tax funds:
 - Schools
 - Local government
 - State public policy objectives
- The Department of Revenue has oversight responsibility

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This organic tree metaphor attempts to illustrate the functioning, interdependent structure of the property tax system. Administering the property tax system is a partnership between the Department of Revenue and the 36 county assessors and tax collectors.

This presentation should provide you a:

- Description of the organization and structure of **your** property tax system as a joint venture between Oregon counties and the state Department of Revenue,
- Description of the department's role in financial grants distributed to counties in support of their assessment and collection functions,
- Description of how and why property valuation responsibilities are divided between counties and Revenue, and finally,
- It identifies and quantifies the outcomes of the system.

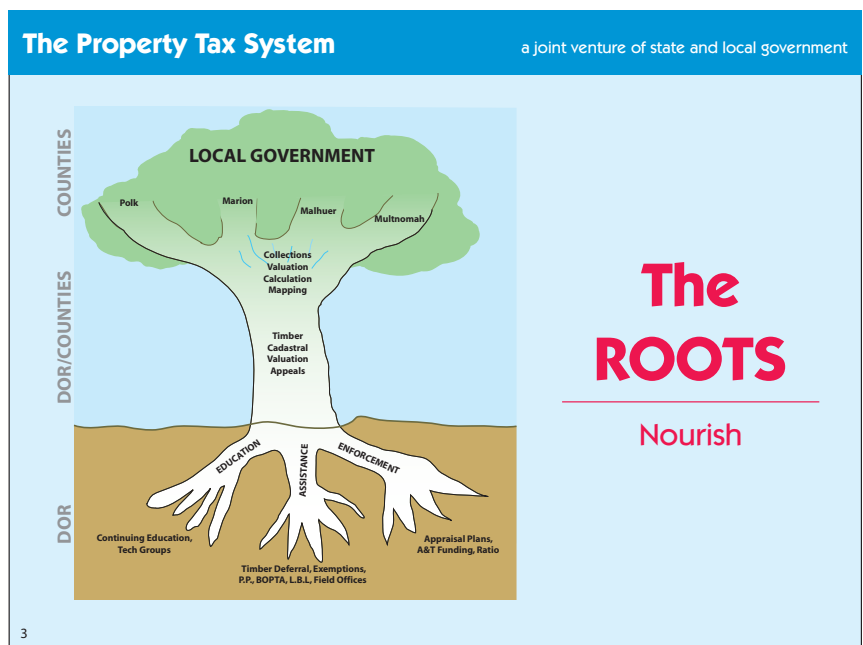
Services provided by the state to counties

The tree is a functioning and interdependent structure

- The roots nourish
- The trunk provides the backbone
- The limbs deliver the energy
- The leaves represent better, safer, healthier, literate Oregonians

Your Department of Revenue is involved in all aspects of the system in compliance with ORS 306.115, which requires the department to exercise general supervision and control over the system of property taxation throughout the state.

The department takes a balanced approach to support that system through education, assistance, and enforcement.



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The education roots

The department supports the system behind the scenes through professional development, facilitation of specialized focus groups, and by publishing step-by-step procedure manuals and guides.

Subject area specialists from the department meet with county staff to work through appraisal and new law implementation issues.

The department also produces hundreds of forms that counties use to process taxpayer applications for a variety of programs, including senior tax deferral and veteran exemptions.

The Roots - Education

- Continuing education
- Technical focus groups
- Topical guides and manuals



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Continuing education

Property appraisal is a profession. Just as lawyers, certified public accountants, and teachers have ongoing credit requirements to maintain professional standing, appraisers must also meet ongoing education requirements.

To ensure state and county appraisers are qualified and up-to-date on changing appraisal technique and property features:

- Appraisers must pass a test for registration given by the Oregon Department of Administrative Services.
- Each registered appraiser must meet certain minimum qualifications, which may include completing a basic course and passing a basic written examination to become a property appraiser 1. There are two other levels a registered appraiser may achieve by meeting higher experience and technical qualifications.
- Appraisers must demonstrate ongoing technical qualification by attending at least 30 hours of continuing education every two years. The department provides most of the classroom opportunities for continuing education.
- During 2004, the department offered **65 courses** to more than **1,100 students** employed by county assessment offices.
- Continuing education includes tracking all registered appraisers and keeping a record of all credits earned. The department works closely with county assessors and tax collectors to prioritize class offerings, locations, and timing.

Required coursework includes: Mass appraisal, residential, commercial, exemptions programs, ratio analysis, and computer applications.

Continuing Education

Professional appraisal qualifications

- County and state appraisers
- Required by law
- Continuing education credits
30 hours every 2 years



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Technical focus groups

Department staff facilitates specialized subject area technical focus groups, which county and department personnel attend. On occasion, outside experts and specialists are invited to speak to these groups. These guests can include real estate experts, building and construction materials experts, members of the judiciary, as well as stakeholders from the landlord, tenant, and industry groups.

Commercial property – Each county is tasked with appraising commercial property such as warehouses, distribution centers, apartment complexes, and wineries. The wide variety of property types and the unique character of these properties are the focus of this tech group. The group meets regularly to build the technical expertise an appraiser needs in this area and to share lessons learned on specific topics.

Commercial appraisal issues might be unique properties for a county; these may include the Les Schwab facility in Crook County, the Wal-Mart distribution center in Umatilla County, or a McDonalds in Malheur County.

Personal Property – Business personal property, including tools, equipment, and other tangible items, is taxable in Oregon. This focus group meets regularly to increase technical expertise in locating and valuing business personal property.

Exemptions – There are 120 different exemptions, partial exemptions, and special assessments applicable to property taxes. The group of county employees tasked with approving applications; calculating special assessments and appraising property to which special assessments or exemptions apply; meet several times a year to discuss emerging issues; and develop or revise rules, forms, and manuals.

Farm and Forest – Most farm and forestlands in Oregon are eligible for special assessment programs. This group meets several times a year to discuss emerging issues and develop or revise rules, forms, and manuals.

Technical Focus Groups

Standing groups:

- Share emerging issues to improve uniform application of property tax law
- Develop and implement policy, procedure, and manuals on technical areas



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Topical guides and manuals

There are innumerable reasons for maintaining documentation on procedures and technical details. Written materials are invaluable resources to track law changes, for work that occurs only once a year, for new employees, and for supplementing training.

These materials are also critical for uniform application of the law. It is important that property is taxed in one county in the same way it is taxed in every other county.

The department publishes and maintains many technical guides and manuals that describe these processes in detail as an aid to county and department staff. Among the titles:

Exemptions Manual

Farm Manual

Forest Manual

Personal Property Manual

Exceptions Manual

Disclosure Manual

Principles of Mass Appraisal

Deeds and Title Transfers

Ratio Study Manual

Cost Factor Books (Residential Construction, Manufactured Structures, Personal Property)

Topical Guides and Manuals

- Documenting best practices
- Writing uniform procedures
- Resolving common questions to complex issues
- Developing technical competency



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Technical staff resources

The department provides support and expertise to county assessors and tax collectors who perform most of the assessment and taxation functions. The department oversees the overall administration of the system and provides rules, procedures, manuals, forms, and brochures the county and the public uses.

The program areas below represent a sampling of the technical resources the department provides in our assistance role.

Exemptions and personal property - Technical analysts coordinate, interpret, and advise county personnel and the public.

Timber appraisal and taxation - Most privately held forestland in Oregon is valued and taxed through a special assessment. Small tract forestland in Oregon is taxed by an optional alternative method as well. The department values forest land, and calculates and collects timber taxes throughout the state.

Tax deferral programs - Senior citizens, disabled citizens, and veterans are eligible for programs that defer property taxes until the individual's homestead is sold. The department pays the property tax on properties in these programs from a special reserve that is secured by liens on the subject property.

Field support – The department staffs four field offices. These staff members focus on unique county appraisal needs, perform reviews of county appraisal plan and grant applications, and may serve as a resource by independently appraising property that is the subject of a county appeal.

The Roots - Assistance

Technical Staff Resources

- Exemptions and Personal property
- Timber appraisal and taxation
- Tax deferral programs
- Tax collection
- Field support



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Enforcement

Local budget law Each local government or special district that levies taxes must comply with the local budget law. Local budgets are developed by citizen committees each year and used to determine the amount of property tax the district must raise to meet its service obligations. The department offers training to budget officers each year and uses the classes to gain an understanding of emerging issues for future training or written guides.

Appraisal plans This plan describes how the county will achieve real market value on all accounts for a given year. This might include selected physical appraisal or new construction. The department reviews each plan to ensure the assessor's office is adequately staffed to administer the assessment and taxation of property in a way that will achieve uniform results. The annual plan supports the county's request for a grant from the County Assessment Function Funding Assistance (CAFFA) program the department administers. (ORS 294.175)

Ratio studies This is a mass appraisal tool. Each county contributes to the study by gathering data on property sales and analyzing that data for comparison with other properties in similar market areas.

CAFFA grants The department reviews grant applications, which include appraisal plans and staffing. The department sets minimum standards and then compares each grant application to those standards to ensure each county maintains sufficient support for its assessment and collection functions.

The Roots - Enforcement

- Local budget law
- County appraisal plans
- Ratio studies
- Funding grants to counties (CAFFA)



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Enforcement-CAFFA

Over the years, as demands for county services increased, county assessment and taxation (A&T) programs found themselves competing with other essential services, such as county health and safety needs. Reductions to A&T functions accumulated, and in the late '80s, the deterioration of the system led to statewide non-uniformity, property to property disparity, and seriously understaffed programs.

In response, the 1989 Legislature created a grant-funding program, CAFFA. This program spread some of the costs of administering the property tax to the users of the system, through two sources:

- Interest on unpaid taxes, and
- Real property document recording fees.

In this way, all taxing and education districts that benefit from the county and state administration of the tax contribute to its cost. Other users of the system also contribute to this fund through a property-recording fee. The real estate and banking industries are frequent users of property tax data, and in most counties, have online access to account information they use in their everyday business. These recording fees were part of the 1989 agreement to provide adequate and stable funding for the system.

Additionally, some appraisal responsibility was shifted to the department to relieve county appraisal workload; these were industrial accounts with a value between \$1 and \$5 million.

Root - Enforcement - CAFFA

County Assessment Function Funding Assistance

Grants: To counties to supplement assessment and taxation costs

Source:

- Fee on certain documents filed with county clerk
- Interest on property taxes paid late



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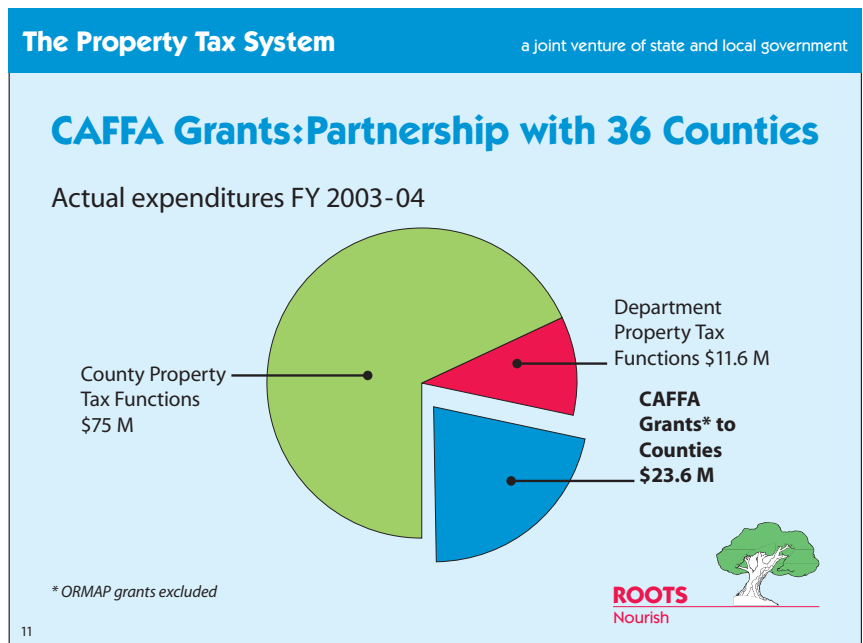
This Slide depicts the relative share of administrative costs the CAFFA grants contribute to counties.

The grant has proven to be a critical means of encouraging counties to adequately fund the A & T functions. All taxing districts benefit from an adequately funded program.

There is a direct link between an effective appraisal program and accurate and uniform taxation. It can be as simple as two neighbors each building

a garage; the assessor is aware of the garage built by a contractor who obtained a building permit and unaware of the other erected by the homeowner. In this case, the tax bill may not reflect the full property tax obligation simply because staff resource did not exist to identify all new construction. As time moves forward, the discrepancy in tax obligation grows, and inequities become irreversibly entrenched.

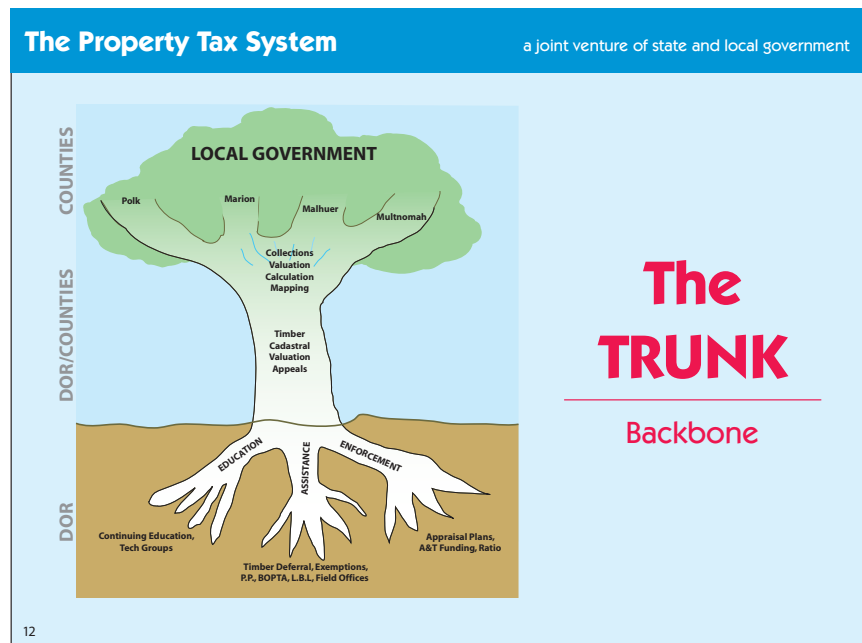
The result is less revenue to provide services to properties and an unfair tax system.



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Back to the metaphor, the department's statutory role is depicted as the roots, our shared responsibility with counties are in the trunk, and the branches represent county functions.

The department's shared responsibility in the trunk represent those functions preformed by both the Department of Revenue and county A & T offices.



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Shared state and county functions

Some assessment and taxation services are shared by the state and counties. These include mapping, appeals of property value, and appraisal of property for tax purposes.

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The Trunk – State & County Functions

- Mapping
- Appeals of property value
- Appraisal of property



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Mapping

Assessors use tax maps, also called cadastral maps, to identify the real property to include in a particular account. The location of a property is then compared to the boundaries of the various taxing districts, which the assessor uses to determine the tax rates applicable to each property. Cadastral mapping in Oregon is undergoing radical change as counties migrate from hand-drawn or computerized pictures of maps, to digital data capable of interacting with graphic displays of related data.

The legislature created the Oregon Map (ORMAP) project in 1999 to help counties migrate to a digital map database. One dollar of the fee on documents filed with the county clerk that would otherwise go into the CAFFA fund is dedicated to the ORMAP project. Counties apply for grants from the ORMAP fund to support activities and equipment needed to convert their existing cadastral maps to the newer technology. The project is divided into four goals, and most counties have completed Goal 2 of the project. When ORMAP Goal 4 is achieved, all Oregon assessors' maps will meet this standard. For more information about the ORMAP project and goals, go to www.ormap.com.

The Trunk – Mapping

- Tax obligation is geographically referenced
- Ownership and physical characteristics change constantly
- Taxing district boundary changes
- DOR's role:
 - Map maintenance of 14 counties
 - Statewide base map system (ORMAP)



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This is an aerial photo with tax lot line overlay. Assessment and taxation mapping focuses on property ownership as well as property and real estate law. There are 46,000 maps that encompass 1.6 million tax lots.

ORMAP is migrating tax assessors maps to a Geo-referenced database. 41 percent of maps now meet the ORMAPP project Goal 4 standard.

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Tax Lot Maps



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Statewide, 2004-05 map data:

New tax lots	26,138
Lot line changes	6557
Lot consolidations	6151
Taxing district boundary changes	23,026

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Appeals

Under Oregon law, the correct value of property is what one person would pay another person for that property in an arm's-length transaction. A taxpayer may dispute the value the assessor establishes on property in several ways:

- **BOPTA** The Board of Property Tax Appeals in each county is the first step for most taxpayers who believe the value on their property is wrong.

- **Director of Department of Revenue** Instead of BOPTA, a taxpayer can appeal to the director for all unitary property appraised by the department.
- **Supervisory authority** A taxpayer may also appeal to the department to exercise its supervisory authority over county assessors and collectors. This is limited to situations in which no other remedy is available to the taxpayer to correct an error on the tax roll.
- **Tax Court** If the taxpayer doesn't like the decision BOPTA or the director reaches on an appeal, in most instances, the owner may appeal to the tax court. This is a special trial court that only hears appeals on tax matters. The case may go to a magistrate first, then on to the tax court judge instead of the court of appeals. If a party disagrees with the tax court judge, the next step is the Oregon Supreme Court.


Of the 1.5 million accounts, less than four-tenths of 1 percent appeal and most of these are resolved by agreement. For example, of the 95 director's reviews requested, only four advanced to Tax Court for the 2004-05 tax year.

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The Trunk – Appeals

Appeals by Category:	2004-05
• Board of Property Tax Appeals (BOPTA)	4,955
• Department of Revenue	
— Director's review	95
— Supervisory	360
• Tax Court	
— Regular Division	32
— Magistrate	667

Total statewide accounts: 1.5 million

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Appraisal of Property

Valuing or appraising property is a shared task between counties and the department. The department appraises:

- **Industrial accounts** including businesses in a variety of industries such as electronics, wood and paper, and food processing. In general, the value of the improvements to an industrial property must exceed one million dollars to qualify for department appraisal. The county appraises the land underlying these properties and calculates the tax based on the department's appraisal. (ORS 306.126)

- **Unitary (centrally assessed) properties** are those properties that are uniquely spread across the state and designated by statute for department appraisal. (See ORS 308.505 to 308.665). These properties include entities performing these activities: rail, water and air transportation; communications; natural gas; and power generation and transmission.

In 1989, the department appraised 1,676 industrial and unitary sites with a staff of 35 appraisers and four managers. Today, the department appraises 3,473 accounts with property valued at almost \$30 billion with a staff of 37 appraisers and four managers.

Counties appraise all other property within their boundaries including property classified as

- **Residential:** houses, manufactured structures, floating homes, etc.
- **Commercial:** apartments, warehouses, distribution centers, retail stores, auto dealers, beauty salons, etc.
- **Industrial properties** with improvements under \$1 million in value and the land underlying all industrial properties.
- **Business personal property:** equipment used in the business such as earthmoving equipment, storage racks, computers, punch presses, etc.
- Counties appraise:
 - All residential property: 1.3 million accounts
 - All commercial property: 134,000 accounts
 - All industrial property: 16,000 accounts
 - All others (personal, farm, forest, unitary): 50,000 accounts

The Trunk – Appraisal

Division of appraisal responsibility

- Department appraises
 - Unitary (centrally assessed) properties
 - Large industrial properties
- County appraises
 - Residential properties
 - Commercial properties
 - Small industrial properties
 - Farm and forest properties

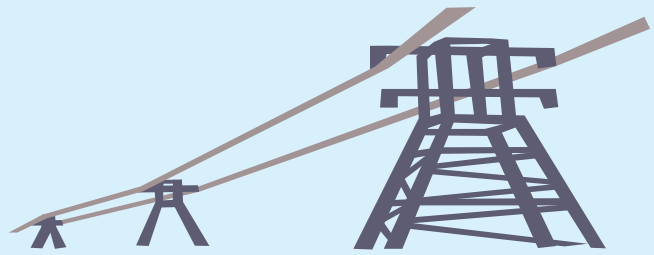



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The unitary appraisal team has responsibility by statute for the annual appraisals for property tax purposes of energy, transportation, and communication companies.

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Unitary Appraisal



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The concept of unitary valuation was developed to capture the value of the operation when the individual components could not be effectively segregated for the determination of their discrete contribution to the whole.

What is Unitary Valuation?

- The appraisal of a group of assets functioning as a system as “one thing” without reference to the value of each of the component parts.
- As a general rule, no attempt is made to assign values in a unit appraisal to individual items of property value.

Unique set of property tax statutes for unitary assessment –
ORS 308.505 – ORS 308.665

Interchangeable terms: Utility, central assessment, unit valuation, unitary valuation

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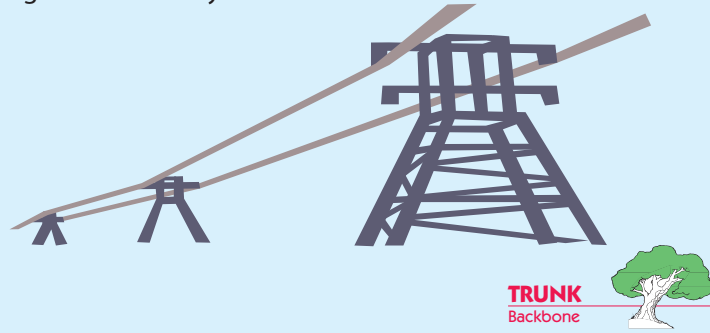


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For an example, imagine all the components of an operating electrical system: the power poles, the transformers, and the copper wires. The value of a length of copper wire in an electric system lies not in the fact that copper has a market value as scrap metal, but that the wire is a part of a thoroughly complete and integrated electric transmission system.

An Example

- The value of a length of copper wire lies not in its value as scrap metal. The value of the copper wire is as a part of an integrated electric system.



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The main reason for using the unitary valuation method for these types of properties is that it will most likely produce a more accurate estimate of their market value.

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Why Unitary Valuation?

- Goal is to achieve market value
 - Trying to emulate the way a typical purchaser would view the assets
- Companies are usually integrated in operation and construction
- Valuing the unit instead of individual components is more practical and efficient
- Unitary valuation is most likely to produce a more accurate estimate of the market value of these types of properties



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Complex properties typically require a high level of appraisal expertise.

The concept of unitary appraisal is not unique to Oregon, but in fact, it is used by most states for valuing similar properties.

ORS 308.515 requires the department to value these types of properties.

Rationale for State Appraisal

- Properties are usually complex in design, construction, and operation requiring a high degree of technical expertise
- Entities usually operate in multiple states and counties
- Concept used by most states for similar properties
- The law requires it



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Energy companies include large electric companies such as PGE and PacifiCorp; small electric companies such as PUDS and electric cooperatives; and alternate energy providers such as wind generators and hydroelectric.

Energy companies also include gas distribution companies like Northwest Natural Gas, and gas and oil pipeline transmission companies.

The department also appraises transportation entities, which include passenger and cargo airline companies like Delta and FedEx; railroad companies like Union Pacific Railroad and Portland & Western Railroad; and water transportation companies, which include tug and barge operators and tour boat operations.

The department also has responsibility for appraising telecommunication providers such as AT&T, Qwest, and Sprint.

Entities Subject to Unitary Appraisal

- **Energy companies**
 - Electric companies
 - Gas companies
 - Pipeline companies
- **Transportation companies**
 - Railroads, airlines, and water transportation
- **Communication providers**
 - Wire and wireless, mobile radio



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The department meets annually with our counterparts in the western states to discuss the methods used to value these companies.

The Western States Association of Tax Administrators (WSATA) has published a valuation guidebook entitled the **Valuation of Utility and Railroad Property**, which Oregon has adopted into administrative rule as a primary guide for valuing energy, transportation, and communication companies.

The goal of this organization is for consistency among the western states in the valuation of these types of properties.


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Western States Association of Tax Administrators (WSATA)

Participating states

Oregon	Texas	Colorado
Washington	California	Wyoming
Idaho	Nevada	Alaska
Arizona	Montana	Hawaii
Utah	New Mexico	

Oregon uses WSATA appraisal handbook *Valuation of Utility and Railroad Property*

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Unitary Appraisal Program Accounts

- More than 400 companies appraised annually
- More than \$12 billion in taxable value
- Seven appraisal staff
- Electric and telecommunication companies comprise more than 80 percent of the unitary assessment roll value



How Value is Developed

- Appraise value of entire system or unit
 - System includes all operating property of a company—tangible, intangible, real, and personal—with no regard for state or other jurisdictional boundaries
 - The department appraises the market value of the system



Unitary Method Captures All Property of the Entity

Tangible property has a physical presence such as

- Buildings and machinery,
- Office furniture and fixtures,
- Towers, pipes, and cables

Intangible property with value lacks a physical presence such as

- Contracts, licenses, franchises,
- Patents, trade names, labor force,
- Customer lists, software, and goodwill



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Allocation

Once the system or “unit” value is determined, the next step is an allocation of that value to the state of Oregon to determine our relative share.

The purpose of allocation is to fairly and equitably distribute the company’s system value throughout the states in which it operates and to reasonably reflect the property value contained in the state.

The formulas and factors used to determine Oregon’s allocation percentages are typically based on WSATA recommended methods. The factors could include wire miles, pipe miles, and dollar value of investment.

Allocation to Oregon

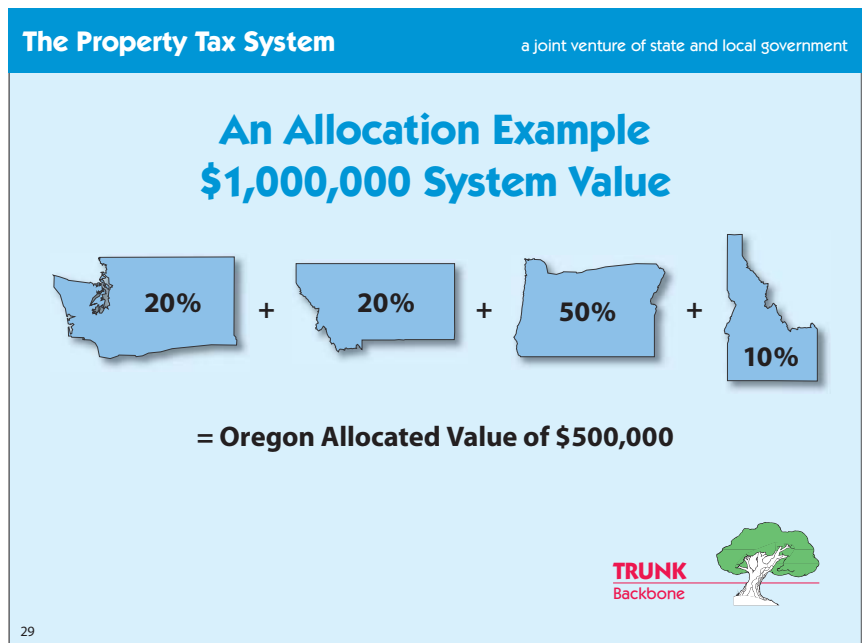
Purpose of Allocation

- To fairly and equitably distribute the company’s system value throughout the states where it operates.
- Based on WSATA accepted formulas and factors (wire miles, rail miles, dollars of investment).



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In this example, we've determined through our unitary appraisal that the market value for this company is \$1 million. Through the use of formulas, we've determined that Oregon's allocation percentage of that \$1 million is 50 percent. That would give us an Oregon allocated value of \$500,000.



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Apportionment

Once Oregon's allocated value is determined, the final step is to apportion that statewide value to the counties and individual taxing jurisdictions.

Whereas allocation is an interstate distribution of the company's system value, apportionment is an intrastate distribution of the company's Oregon allocated value.

The purpose of apportionment is to fairly distribute the company's value to the counties and taxing districts in which they operate.

Apportionment is similar to allocation in that we use formulas and factors to determine the distribution.

Once apportionments are completed and the initial appeal period for the companies is over, the apportioned values are transmitted to the county tax collectors for the billing and collecting of the tax.

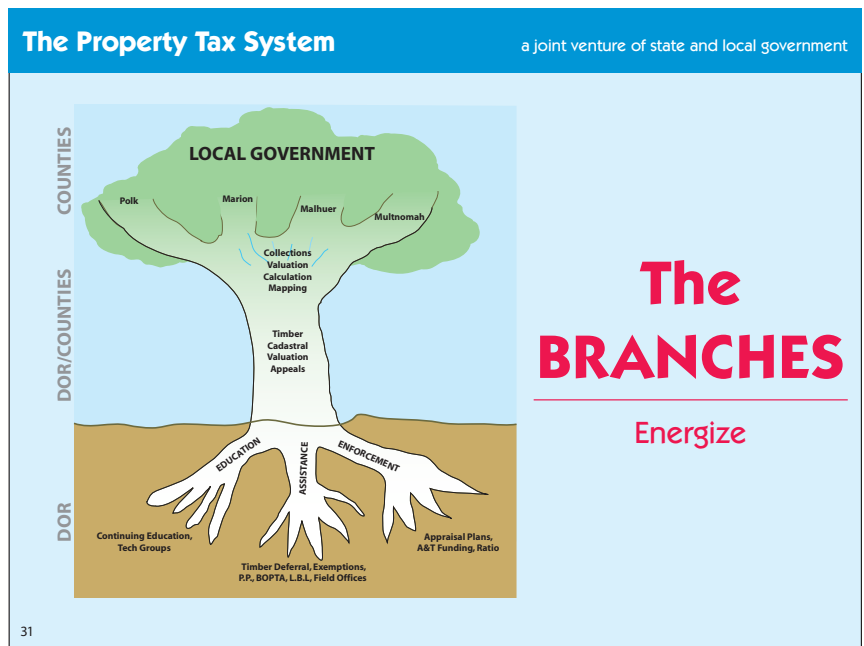
Apportion Value to Counties

- Purpose of Apportionment
 - To distribute company's Oregon allocated value to counties and taxing districts.
 - Based on formulas and factors (similar to allocation).
- Values Sent to County Assessors
 - Ultimately to tax collectors who bill and collect the property tax due and distribute to individual taxing districts.



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Back to our metaphor, we have covered the roots and trunk of the system, which leads us to the branches.



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Tax calculation and collection

The branches represent those functions carried out by Oregon's 36 county assessors and tax collectors.

In the trunk, we already touched on the appraisal and mapping responsibilities. In addition to those, county assessors perform the following key functions:

Tax calculation Tax is calculated for each property within the county. Those taxes must be tested against the constitutional limitations for each account. The assessor calculates the tax for all property in the county even if it is appraised by the state and places it on the tax roll (record) each year.

Tax collection The tax collector prepares and sends a tax statement to each taxpayer. The law requires the department to supply the tax statement for all counties. Taxes for all districts in the county are collected on one combined statement for each property.

Tax distribution The collector and treasurer calculate the distribution schedule so that each taxing district receives its lawful portion of the tax receipts.

Records maintenance This includes ongoing recordkeeping error corrections, changes to the record following appeals, etc.

Counter customer service This is a significant role the county plays in responding to questions on tax, and property value requests for map records, real estate property valuation questions, and others.

The Branches – County Functions

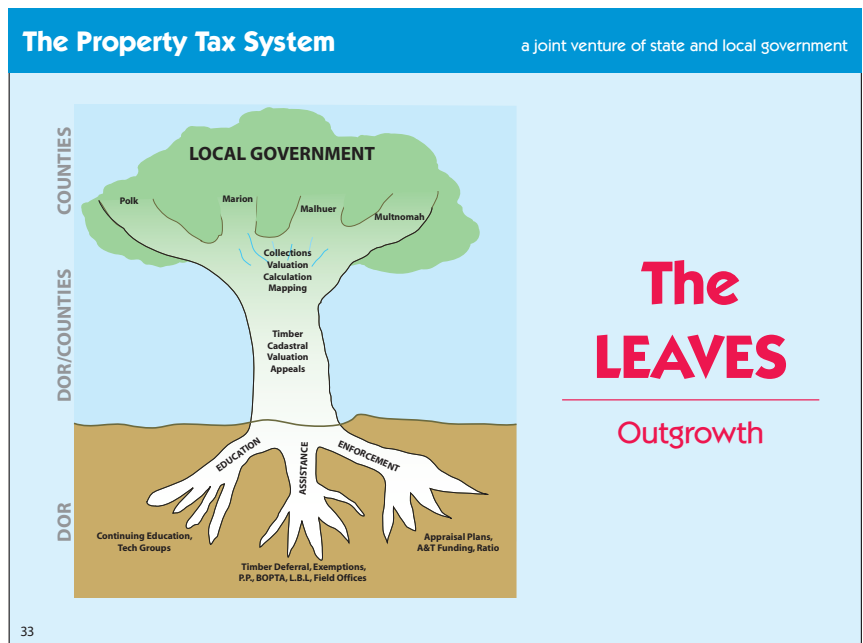
In addition to shared responsibilities, counties:

- Calculate taxes
- Collect taxes
- Distribute taxes
- Maintain tax records, customer services, etc.



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Back to our metaphor, we have covered the roots, trunk, and branches of the system, which leads us to the leaves. These are the outgrowth, the products of the organization, administration, and structure of the system. In a macro sense, the leaves are why we exist as a property tax system.



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The leaves in this metaphor are the results or product of the property tax administrative function. The two categories of the leaves represented here are the revenue raised and revenue forgone.

Revenue raised:

Property taxes are the primary revenue source for most government bodies in Oregon. This revenue represents a significant share of the funds that pay for local government services and public education.

Revenue forgone:

These leaves represent as much effort and commitment of resources as direct revenue and are designed to promote public policy in the form of incentives.

The Leaves – Outgrowth

Taxing Districts

- Cities and counties
- Schools
- Special districts

Public Policy Objectives:

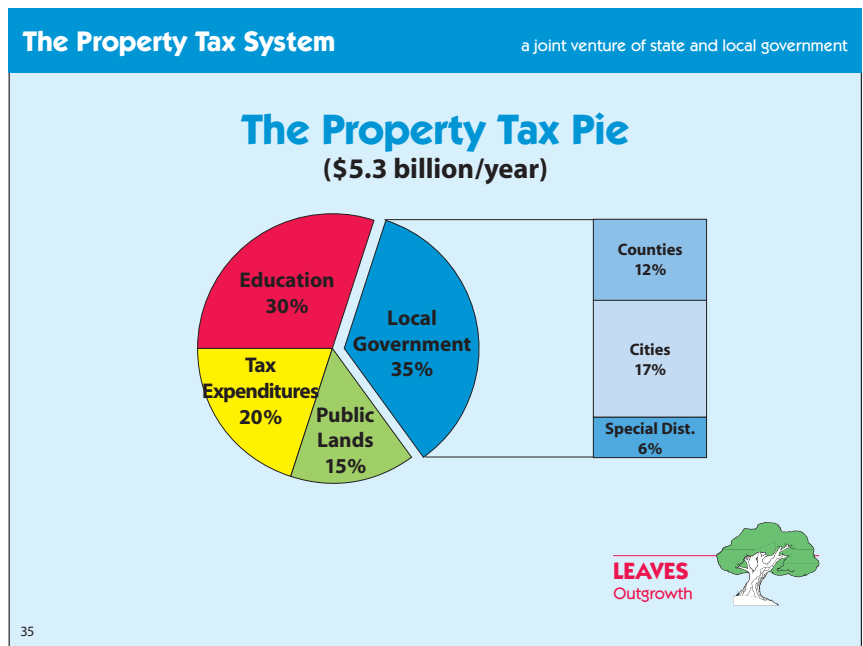
- Economic development
- Natural resources
- Social programs



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In this pie chart, you can see that under the existing configuration of taxing districts, current property tax laws and constitutional limitations, the system had the potential to generate roughly \$5.2 billion in 2004-05.

Tax revenue for education represents 30 percent of that total. Tax revenue for local governments represent 35 percent of that total and tax expenditures in the form of public land exemptions and legislative policy represent a total of about 35 percent of the total pie.



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By law, state, city, county, and all public property that is used for a public purpose is exempt from the property tax.

It is true that in some limited cases, an "in lieu of" tax is paid instead of a property tax for these lands. It is not a significant dollar amount, but does exist in some cases.

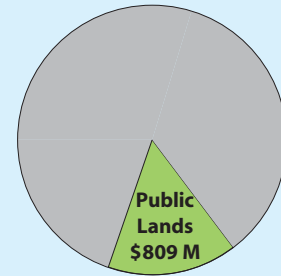
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The Property Tax Pie

Exempt Public Lands

- State, county, and city
 - Forests
 - Parks and ocean beaches
 - Public buildings
 - School campuses
 - Roads, ports, rights of way
 - Wetland and natural preserves
- Federal
 - Forest, parks, and monuments
 - Tribal lands



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Property tax expenditures are an indirect way of using tax dollars to fulfill public policy. The 1995 Budget Accountability Act defines tax expenditures as any federal or state "...law that exempts, in whole or in part, certain persons, income, goods, services, or property from the impact of established taxes, including, but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits."

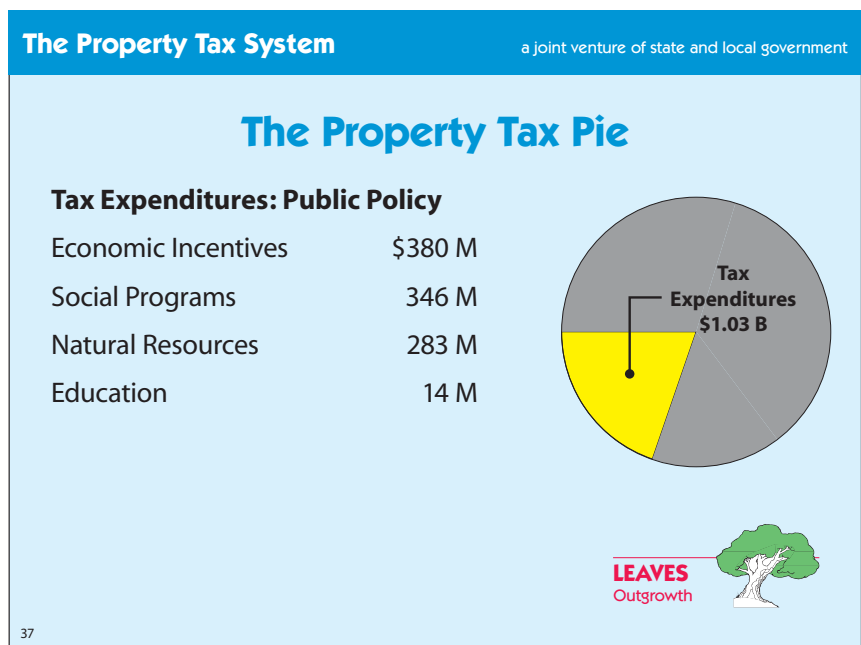
Tax expenditures may be viewed as

1. Providing financial assistance to certain groups of taxpayers,
2. Providing economic incentives that encourage specific taxpayer behavior, or
3. Simplifying or reducing the costs of tax administration.

There are approximately 120 property tax expenditures provided by law in Oregon.

The largest categories include:

- **Economic development**, such as the food processor exemption that passed last session (SB 479). This had a projected revenue impact of \$.93 million for the 2005-07 biennium and \$1.95 million in 2007-09. (Tax dollars foregone)
- **Social**, such as literary, benevolent, and church property.
- **Natural Resources**, such as farm and forestland special assessments.
- **Education**, including higher education parking lots, and dorm facilities.



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This list is not exhaustive, but should provide you with an idea of where property tax dollars “forgone” are in place to create an incentive promoting or support selected activities or activities in selected locations.

Tax Expenditures: Public Policy

Economic Incentives

- Development
- Enterprise zones
- Strategic investment
- Urban renewal
- Vertical housing

Preservation

- Wetlands
- Conservation easements
- Farm use
- Timber lands
- Historic property

Social Goals

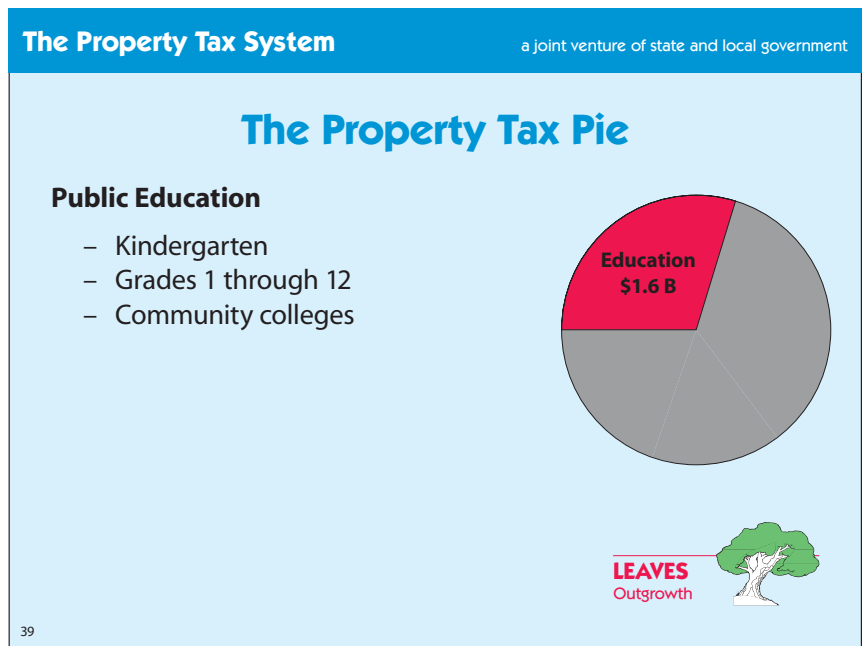
- Low-income housing
- Senior housing
- Disabled and veterans tax deferral/exemption
- Charitable organizations
- Religious organizations

Education

- Student housing
- Day care
- Student parking
- Fraternities and sororities
- Libraries

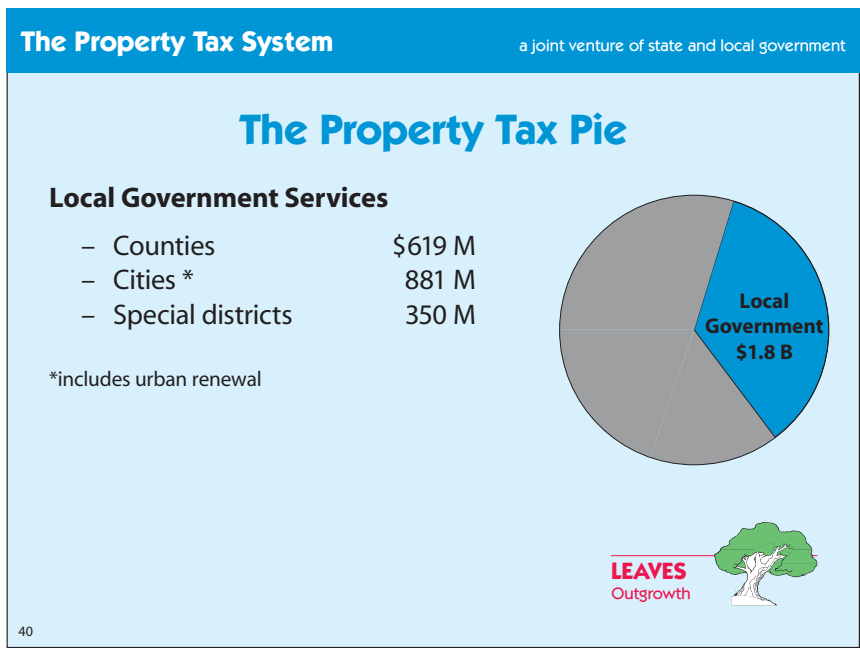
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This slice of the pie represents the property tax's contribution to public education funding in Oregon.



Slide 40

Finally, 35 percent of the property tax potential in the form of direct revenue is distributed to local governments across Oregon.



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You only need to look at your tax statement to see which local governments service your property. There are approximately 1,500 districts providing services from libraries to vector control. Cities and counties rely heavily on the property tax because it represents a significant source of revenue for them. For other types of districts listed here, it is the only statutorily available revenue source.

For example, rural fire districts cannot impose an income, franchise, business license, or transient lodging taxes to support their services.

The Property Tax System

a joint venture of state and local government

Local Government Services

Cities and Counties

- Public governance
- Law enforcement
- Jails
- Courts
- District attorney
- Juvenile services
- Public health services
- Road maintenance
- Emergency response
- Libraries
- Parks and recreation
- Street lighting
- etc.

Special Districts

- Water and irrigation
- Street and highway lighting
- Sewer and waste disposal
- Mass transit system
- Hospital services
- Parks and recreation
- Libraries
- Rural fire protection
- Soil and water conservation
- Weed and vector control
- Public cemeteries
- Port authorities
- Airports
- etc.

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To learn more about the property tax system in Oregon, see:

Tax Expenditure Report published biennially by the executive branch of government. The report is a companion to the Governor's balanced budget.

Oregon Property Tax Statistics published annually by the Oregon Department of Revenue.

2005 Oregon Public Finance Basic Facts (Research Report #1-05) published by the Legislative Revenue Office

