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Oregon Property Tax Statistics

Fiscal Year 2000–01

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Introduction

Oregon's property tax system represents one of the most important sources of revenue for the public sector in Oregon, particularly for local governments. Significant limitations on property taxes were put in place twice during the past decade, yet the revenue generated by property taxes is second only to personal income tax revenue. Property taxes in fiscal year 2000–01 raised more than $3 billion for local governments.

This publication describes Oregon's property tax system through the presentation of statistical information. Specifically, it presents assessed values, market values, and taxes imposed by county, by type of taxing district, and by type of tax. In addition, the publication contains a brief description of how Oregon's property tax system has changed during the past 10 years and how it presently works.

This document is organized in five sections. First, the makes several observations about distinguishing features of fiscal year 2001 and recent trends in Oregon's property tax system. Second, the is intended to help the reader understand how certain data elements are handled in the tables. This is provided both to clarify some subtle features of the property tax system that may appear inconsistent and to point out some data limitations. Third, the section provides tables of property values and taxes imposed, both by county and type of district. Taxes collected and uncollected by county are also included. Fourth, the section describes how the system has developed and particularly how it works in the post-Measure 50 environment. Finally, the provides definitions of various terms used in the publication.

The information in this book is presented primarily at the county or district-type level. Additional information about property taxes is available in two other Department of Revenue publications. Detailed information for each taxing district can be found in the 2000–01 edition of the . Information about property tax exemptions can be found in the 2001–03 edition of the state of Oregon .

In recent years, there have been problems with availability of some of the property tax data the department receives from counties. These problems prevent some statewide totals from being calculated. In an effort to provide as much useful information as possible, we have included tables with missing data. Where data was missing, every effort was made to clearly identify the gaps. Totals are provided only where we have complete data for all 36 counties. In some cases, certain data discrepancies could not be resolved. The section provides further discussion of the major data problems.

Overview and Highlights

Statewide Taxes Imposed and Property Values

Property taxes imposed in Oregon totaled $3.014 billion in FY 2000–01, an increase of 7.6 percent from the year before. This follows increases of 7 percent in fiscal year 1999–00 and 5.7 percent in fiscal year 1998–99.

The growth in 2000–01 can be attributed to several factors, including growth in property values as well as increases in local option taxes, bonds, and urban renewal levies.

Statewide, the real market value of property reached $258 billion, which was 7.4 percent higher than last year. This growth rate was somewhat slower than the 8.1 percent growth in fiscal year 1999–00, but faster than the 6.2 percent growth of fiscal year 1998–99. Growth in 2000–01 was also significantly less than the double-digit growth that the state experienced during much of the 1990s. For example, from fiscal year 1990–91 to fiscal year 1997–98, the growth in market value averaged nearly 12 percent per year. Total assessed value—the value of property subject to tax—in Oregon grew from $186.6 billion in fiscal year 1999–00 to $198.9 billion in fiscal year 2000–01, an increase of 6.6 percent. The increase is due to growth in the value of existing property as well as new value from property improvements. See the 'Historical Context' description on page 6 for more on assessed value.

Statewide, the ratio of assessed value to market value was approximately 77 percent. For a discussion of the differences between assessed and market value, see

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Exhibit 1

Summary of Oregon Property Values and Taxes Imposed

($ million)

	1999-00	2000-01	Percent Change
Real Market Value*	$240,311.7	$258,132.6	7.4%
Total Assessed Value*	$186,641.7	$198,910.9	6.6%
Net Assessed Value*	$181,613.8	$193,262.2	6.4%
Operating Taxes	$2,297.0	$2,478.9	7.9%
Bond Taxes	$395.9	$411.5	3.9%
Total District Taxes	$2,692.8	$2,890.4	7.3%
Urban Renewal Taxes	$108.7	$123.6	13.7%
Total, all Taxes	$2,801.5	$3,014.0	7.6%

* An additional $23.3 million assessed value of unallocated utility property is taxed by the state. The tax raised from this value is distributed back to counties. See glossary for description of net and total assessed value.

Taxes by Type of District and by Type of Tax

The accompanying charts illustrate the composition of taxes imposed for 2000–01 by type of district and by type of property tax. Please refer to the Glossary on page 155 for definition of terms.

Exhibit 2a

Approximately 1,400 districts impose property taxes in Oregon. It is clear from the accompanying chart that schools receive the largest share of property tax revenue, 41 percent of the total, followed by cities and counties. Special districts, such as fire, road, water, hospital, park, and port districts, represent the largest number of districts, but only imposed 11 percent of the taxes.

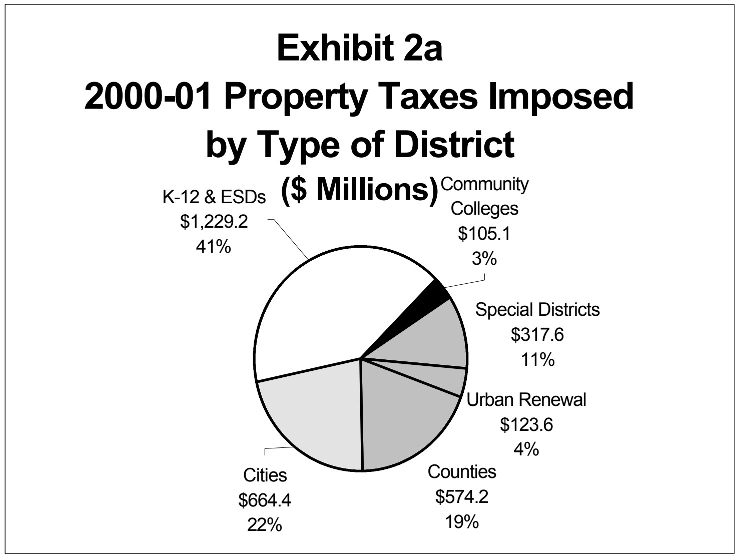


Exhibit 2b

Property taxes are composed of four primary parts: 1) operating taxes from permanent rates and gap bond levies; 2) local option levies; 3) bond levies; and 4) urban renewal revenues. Taxes from permanent rate and gap bond levies comprise the most significant part of property taxes, representing 79 percent of all taxes imposed. Although the $97.4 million imposed by local option taxes represents only 3 percent of the total, it is the most rapidly growing component, in part because schools were allowed to use this funding source for the first time in 2000–01.

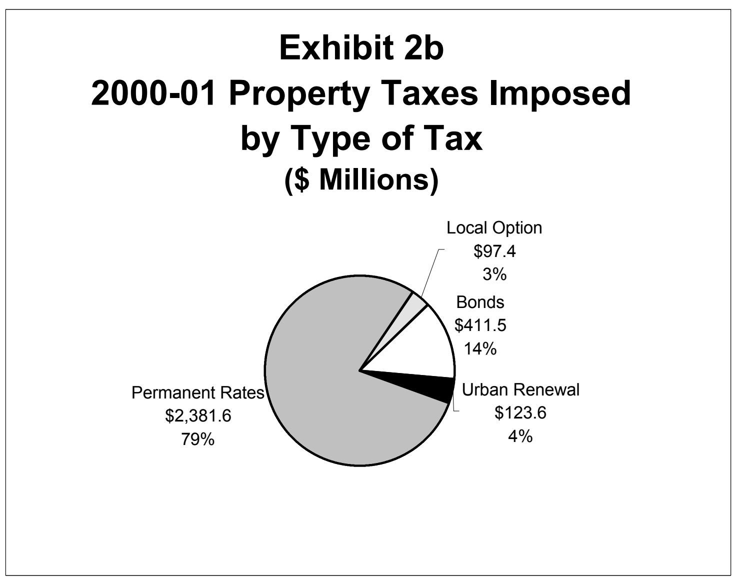


Exhibit 3

Type of Property Taxes Imposed, 1999-00 and 2000-01 By Type of District (Millions of Dollars)

	Permanent Rate/Gap			Local Option			Bond			Total		
TYPE OF DISTRICT	1999-00	2000-01	% Chg	1999-00	2000-01	% Chg	1999-00	2000-01	% Chg	1999-00	2000-01	% Chg
Counties	459.1	489.3	6.6%	38.9	41.8	7.7%	39.0	43.0	10.4%	536.9	574.2	7.0%
Cities	561.7	597.0	6.3%	14.1	15.2	7.8%	50.1	52.1	4.1%	625.9	664.4	6.1%
K-12 & ESDs	900.6	955.8	6.1%	0.0	31.8	NA	234.8	241.6	2.9%	1,135.4	1,229.2	8.3%
Community Colleges	80.8	86.4	6.9%	0.0	0.0	NA	17.0	18.6	9.7%	97.8	105.1	7.4%
Special Districts	234.4	253.0	7.9%	7.4	8.5	14.5%	55.1	56.1	2.0%	296.9	317.6	7.0%
Total District Taxes	2,236.6	2,381.6	6.5%	60.4	97.4	61.2%	395.9	411.5	3.9%	2,692.8	2,890.4	7.3%
Urban Renewal Agencies										108.7	123.6	13.8%
TOTAL										2,801.5	3,014.0	7.6%

Several points from this table are worth noting:

1.) Taxes from permanent rates grew by 6.5 percent in fiscal year 2000–01. Because permanent taxing authority is fixed for districts, revenue from this source will always be closely linked to growth in assessed value. This year, total assessed value grew by 6.6 percent.

2.) Local option taxes grew by 61.2 percent over last year, in part because 2000–01 was the first year that schools were allowed to impose local option taxes. Eleven school districts imposed local option taxes totaling $31.8 million while roughly 70 other government districts imposed local option taxes of $65.6 million.

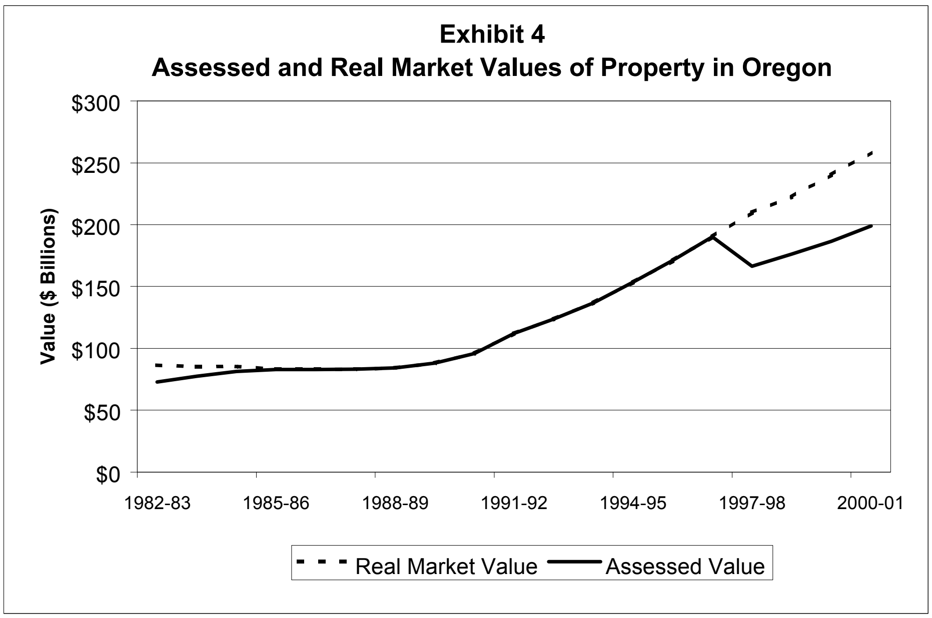
3.) Bonds, which are the primary taxing vehicle for funding long-term capital projects, increased by 3.9 percent, significantly less than last year's increase of 10.5 percent. Roughly 290 general government districts and 130 school districts imposed $411.5 million in bonds. Last year's 10.5 percent increase was largely due to new bond levies by schools. In fact, just two school districts were responsible for much of the 1999–00 increase ($20 million of $34 million). This year's more modest growth reflects the absence of any similar large new issues.

4.) Urban renewal taxes grew 13.8 percent this year after rising by less than 2 percent last year. Most urban renewal agencies increased the amount of revenue they received through property taxes. The largest agencies all had increases greater than 10 percent. Also, two new urban renewal agencies began receiving property tax revenue and one agency added a plan area in fiscal year 2000–01. Less than 0.2 percent of the total urban renewal revenue went to these new entities.

Historical Context

Prior to 1997–98, the assessed, or taxable, value of a property in Oregon was equal to its real market value, except for a brief period in the early 1980s.[1] For 1997–98, Ballot Measure 50 redefined each property's assessed value as 90 percent of the property's 1995–96 assessed value, thus separating the assessed and real market value for every property. In addition, the assessed value of a property is now limited to a maximum of 3 percent growth per year. Exhibit 4, below, shows how total assessed value has grown. After relatively modest growth through most of the 1980s, property values grew rapidly from 1989–90 through 1996–97. In fact, values during this period grew by an average annual rate of 11.6 percent.

The passage of Measure 50 in 1997 redefined assessed value. Consequently, 1997–98 total assessed value fell 12.5 percent below the prior year and 21 percent below the 1997–98 real market value. For 2000–01, statewide assessed value is roughly 77 percent of statewide real market value.



To fully understand the growth in total assessed value, it is important to know the two possible sources of that growth: existing property and new property. The growth in assessed value for existing property is the value subject to the limit; for every property that existed in 1997–98 and remained unchanged through 2000–01, the assessed value could increase by no more than 3 percent per year. On the other hand, some properties can experience a decline in assessed value, such as business personal property that depreciates. New property, such as a newly constructed home, represents a new source of assessed value. Other sources of new value include improvements, where an addition to a house significantly increases the home's value, or rezoned property, where a change in zoning laws could increase the value of a property more than 3 percent in the year that the change took place.

[1] For the years 1980 through 1984, assessed values differed from market values because the legislature set the assessment ratio at a level below 100 percent. The ratio returned to 100 percent in 1985.

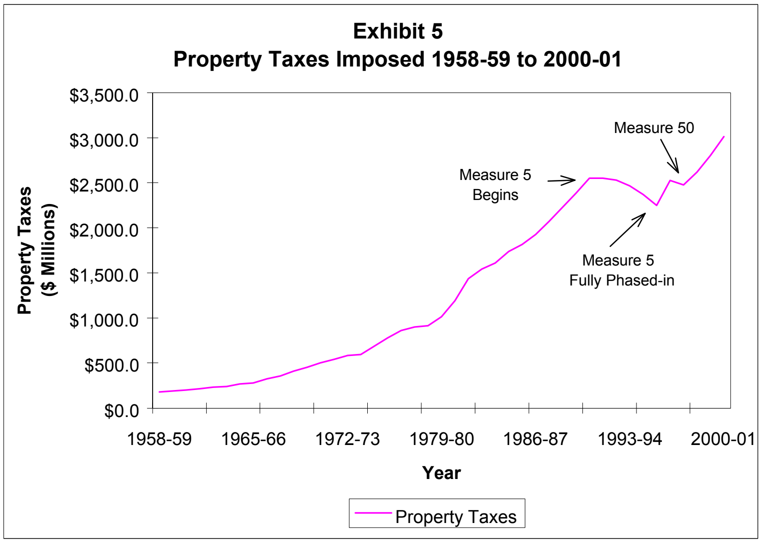
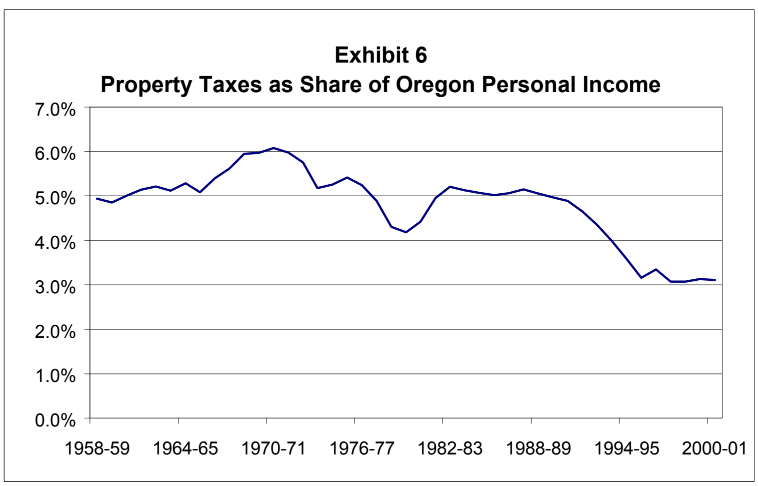


Exhibit 5 displays the growth of Oregon property taxes during the past 40 years. The chart illustrates several distinct periods. After modestly increasing up to the mid-1970s, property taxes grew more rapidly through the early 1990s. In 1990, voters passed Measure 5 and taxes from 1991–92 to 1995–96 were increasingly limited. This resulted in annual declines in taxes imposed through fiscal year 1996. Taxes in 1996–97 increased with assessed value but continued to be restricted by the Measure 5 limitations. Measure 50's limits caused imposed taxes to fall again in fiscal year 1998. Since 1997–98, taxes imposed have been increasing, but are at lower levels than they would have been without the limitations.

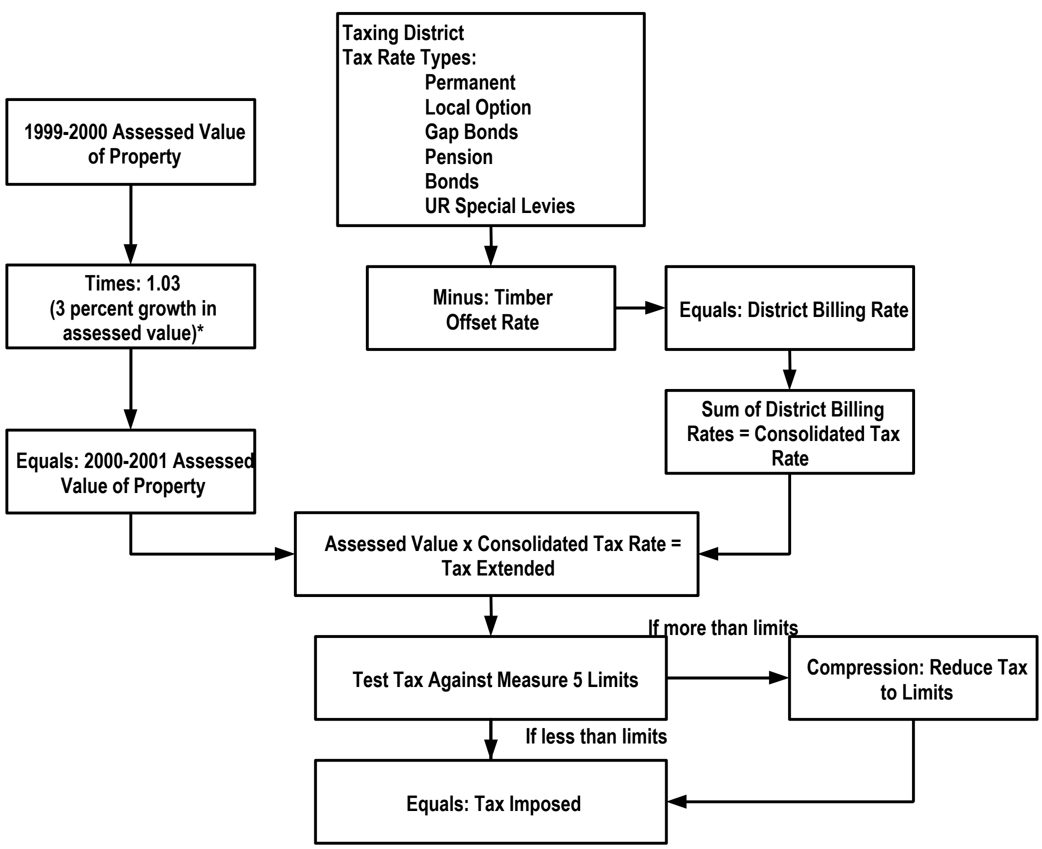


To appreciate the burden of property taxes on taxpayers, it is helpful to look at taxes in relation to personal income, which is a broad-based measure of statewide economic activity. Exhibit 6 shows the share of Oregon personal income that is represented by property taxes since 1958–59. The combination of rapidly growing personal income during the 1990s, and restrictions on property taxes brought about by the two ballot measures, has resulted in a decline in the share of income represented by property taxes. This percentage has decreased from over 5 percent in the 1980s to approximately 3 percent since fiscal year 1998.

How Property Taxes are Determined for an Individual Property

Exhibit 7 below shows the process for determining the property tax bill for an individual property. Note that the steps for calculating the billing rate are done for each taxing district in which a property is located. For example, a home may be located within six taxing districts: a county, a city, a K–12 school district, an education service district, a community college district, and a cemetery district. Each of these districts will have a billing rate, and their sum will equal the consolidated tax rate for the home. The assessed value of the home multiplied by the consolidated tax rate results in the tax extended. The non-bond taxes paid to the K–12, education service, and community college districts are subject to the Measure 5 school limit, while the non-bond taxes paid to the county, city, and cemetery are subject to the Measure 5 general government limit. If either the school or general government tax extended amount is greater than the respective Measure 5 limit allows, then the tax is reduced to the limit. In reducing the non-bond tax, the tax for each district is reduced first by reducing local option taxes to zero and then reducing non-bond taxes proportionately. The final tax (non-bond tax plus bond tax) is referred to as the tax imposed, and this is the amount the property owner must pay.

Exhibit 7: Property Tax Calculation for an Individual Property



*If improvements were made to the property during 1999, then the assessed value could grow more than 3 percent. Assessed value calculation above is for property with real market value greater than assessed value.

Guide to Using the Data

This publication presents information about assessed and real market values and taxes imposed under Oregon's local property tax system. Because this tax system is complex, we provide this guide to help readers understand some of subtleties of the data. In some cases, similar concepts may be reported differently from one table to another to reflect nuances of the property tax system. In other cases, the use of different sources results in slight data variations across tables.

Data Sources and Problems

The counties provide all the data except the permanent rates and values for centrally assessed property. As in past years, there are occasional discrepancies in the tables as a result of inconsistencies in the data reported by counties. Some counties were unable to provide complete data due to significant internal changes. Rather than letting these problems prevent the publication of available information, we have provided available information in as clear a manner as possible. Because this publication is designed to be a description of the property tax system using true and correct figures, generally we have **not** included estimates when actual data was unavailable.

The data problems this year can be grouped into two categories: missing data and inconsistent data. Missing data are the result of counties being unable to provide the requested information. The most notable problems pertain to exempt property and property values by property class (residential, commercial, etc.). NA in tables B and C denotes missing data. Totals are not reported where we do not have all of the components.

Assessed Value

Assessed value is reported in both a total and a net amount. The difference between these two values lies in the treatment of state fish and wildlife property, nonprofit housing property, and urban renewal excess values. Table A.3 shows both the total and net assessed values, and how they relate to one another. Net assessed value is used for calculating taxes imposed for taxing districts. It is calculated by adding nonprofit housing values and state fish and wildlife values to total assessed value, then subtracting urban renewal excess value. Both state fish and wildlife property and nonprofit housing property values are added to total assessed value since the state makes payments in lieu of property taxes on these properties. Net assessed value does not include urban renewal excess value because property tax revenues from excess value go to urban renewal agencies, instead of taxing districts, for the purpose of eliminating blighted areas. See Appendix B for more on how urban renewal financing works.

The assessed value of unallocated utilities is reported only in certain tables, depending on the level of detail. These utilities, which represent a small piece of total value, cannot be attributed to specific counties. Consequently, tables presenting county breakdowns do not include the un-allocated value, unless it is listed at the bottom of the table. Also, assessors do not use this value when computing tax rates. Owners of these utilities pay taxes to the state, which then distributes the money to counties.

Table Changes and Clarifications:

A.1–A.2	Districts are counted once in these tables even if they cross county borders. In prior years, joint districts that crossed county lines were counted once for each portion of the district that was in a different county.
B.2	This table was re-arranged to show all accounts on a single page for each county. Changes in the numbers from one year to the next may be partially due to re-classification by the counties for reporting purposes.

F.3	This is a new table that describes total urban renewal revenue and unused urban renewal authority for each agency. Unused authority exists when agencies voluntarily certify smaller special levies than authorized.
Appendix A	Permanent rate authority was updated to reflect rate reductions mandated by SB 123 in the 1999 legislative session.