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. When considering taxes that fund state and local government services, property tax revenues are exceeded only by state personal income tax revenues. Over the past decade, property tax revenues have been reduced and limited as a result of two changes to how taxes are calculated. Since the last limitation went into effect in 1997–98, property tax revenues have gradually increased each year. Property taxes in fiscal year 2001–02 raised more than $3.25 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 and type of taxing district. 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 four sections. First, the *Overview and Highlights* makes several observations about distinguishing features of fiscal year 2002 and recent trends in Oregon's property tax system. Second, the *Guide to Using the Data* 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 *Detailed Tables* 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. Finally, three appendices provide: a detailed list of district tax rates (Appendix A), a description of changes to the property tax system over the last decade (Appendix B), and a glossary of terms used in the publication (Appendix C).

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. Information about individual taxing districts can be found in the 2001–02 edition of the *Oregon Property Tax Statistics Supplement*. Information about property tax exemptions can be found in the 2001–03 edition of the state of Oregon *Tax Expenditure Report*.

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 were 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 *Guide to Using the Data* section provides further discussion of the major data problems.

Overview and Highlights

Statewide Taxes Imposed and Property Values

Property taxes imposed in Oregon totaled $3.25 billion in fiscal year 2001–02, an increase of 7.9 percent from the year before. This follows increases of 7.6 percent over each of the prior two fiscal years.

The increase in 2001–02 can be attributed to several factors. The most significant are growth in property values and new local option taxes and bonds.

Statewide, the real market value of property reached $274 billion, which was 6.2 percent higher than last year. This growth rate continues the trend of increased property values each year, but it also indicates that real market values increased more slowly than in the prior couple years. This real market growth continues to be much less than the double-digit growth in the 1990s. For example, from fiscal year 1990–91 to fiscal year 1997–98, the increase in market value averaged nearly 12 percent per year. Total assessed value, the value of property subject to tax, grew from $198.9 billion in fiscal year 2000–01 to $210.4 billion in fiscal year 2001–02, an increase of 5.8 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 remained at approximately 77 percent. For a discussion of the differences between assessed and market value, see *Appendix B: A Recent History of Oregon Property Taxation.*

Exhibit 1

SUMMARY OF OREGON PROPERTY VALUES AND TAXES IMPOSED
($ million)

	2000-01	2001-02	Percent Change
Real Market Value*	$258,132.6	$274,041.9	6.2%
Total Assessed Value*	$198,910.9	$210,435.1	5.8%
Net Assessed Value*	$193,262.2	$204,832.1	6.0%
Operating Taxes	$2,478.9	$2,644.8	6.7%
Bond Taxes	$411.5	$480.6	16.8%
Total District Taxes	$2,890.4	$3,125.4	8.1%
Urban Renewal Taxes	$123.6	$126.4	2.3%
Total, all Taxes	$3,014.0	$3,251.9	7.9%

* An additional $25.8 million assessed value of unallocated utility property is taxed by the state, and the tax is then 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 2001–02 by type of district and by type of property tax. Please refer to the Glossary for definitions 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.

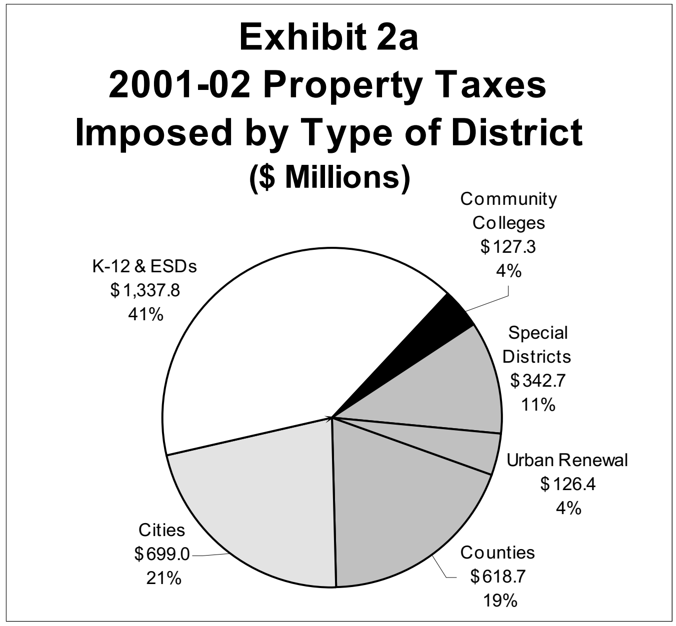


Exhibit 2b

Property taxes are composed of four primary parts: 1) permanent rate 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 77 percent of all taxes imposed. Although the $126 million imposed through local option taxes represents only 4 percent of the total, it is the most rapidly growing component, with county and rural fire district local option taxes comprising most of the growth from fiscal year 2000–01 to fiscal year 2001–02.

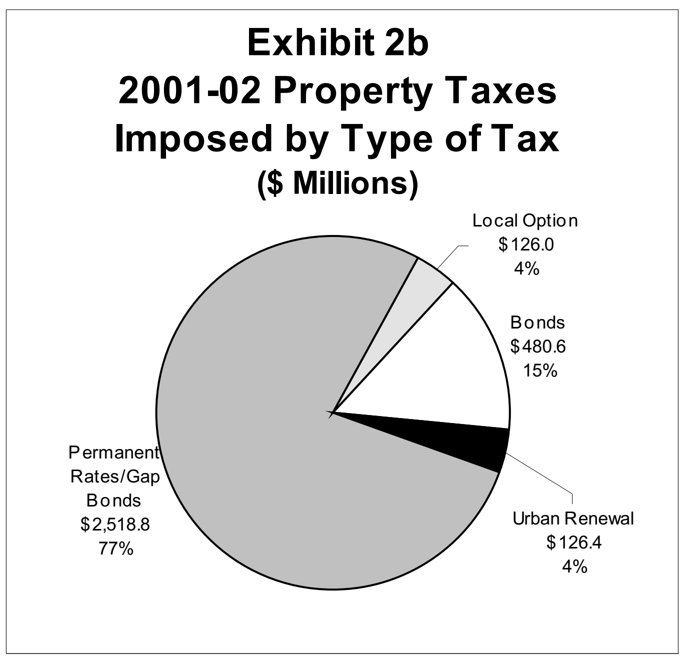


Exhibit 3
Type of Property Taxes Imposed, 2000-01 and 2001-02
By Type of District (Millions of Dollars)

	Permanent Rate/Gap			Local Option			Bond			Total		
TYPE OF DISTRICT	2000-01	2001-02	% Chg	2000-01	2001-02	% Chg	2000-01	2000-01	% Chg	2000-01	2001-02	% Chg
Counties	489.3	518.4	5.9%	41.8	57.9	38.4%	43.0	42.4	-1.4%	574.2	618.7	7.7%
Cities	597.0	629.5	5.4%	15.2	18.5	21.8%	52.1	51.0	-2.1%	664.4	699.0	5.2%
K-12 & ESDs	955.8	1,009.3	5.6%	31.8	34.0	7.0%	241.6	294.5	21.9%	1,229.2	1,337.8	8.8%
Community Colleges	86.4	91.4	5.8%	0.0	0.0	NA	18.6	35.9	92.4%	105.1	127.3	21.1%
Special Districts	253.0	270.3	6.9%	8.5	15.5	82.5%	56.1	56.9	1.3%	317.6	342.7	7.9%
Total District Taxes	2,381.6	2,518.8	5.8%	97.4	126.0	29.4%	411.5	480.6	16.8%	2,890.4	3,125.4	8.1%
Urban Renewal Agencies										123.6	126.4	2.3%
TOTAL										3,014.0	3,251.9	7.9%

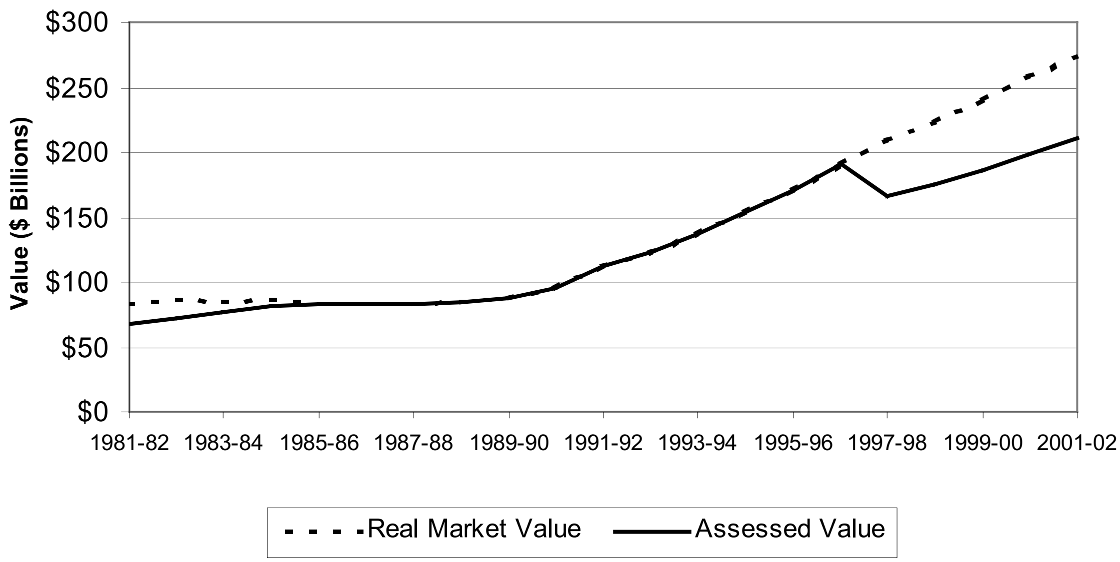
Exhibit 3 summarizes some of the changes in property taxes since 2000–01. These include:

- Taxes from permanent rates and gap bond levies grew by 5.8 percent in fiscal year 2001–02. Because permanent taxing authority is fixed for districts, revenue from this source always will be closely linked to growth in assessed value. Total assessed value also grew by 5.8 percent in fiscal year 2001–02.
- Local option taxes grew by 29.4 percent over last year. New local option levies by one county and one fire district accounted for just over 70 percent of that growth.
- Bonds, which are the primary taxing vehicle for funding long-term capital projects, increased by 16.8 percent, which was significantly more than the prior year's increase of 3.9 percent. Roughly 270 general government districts and 150 school or community college districts imposed $480.6 million in bonds. Approximately three-fourths of the 16.8 percent increase was due to increased levies in just three counties, Multnomah, Washington, and Clackamas. In those three counties, the increase in bond levies was mostly for school and community college districts.
- Urban renewal taxes grew 2.3 percent this year after increasing by over 13 percent last year. Most urban renewal agencies increased the amount of revenue they received through property taxes. The lower growth rate in 2001–02 is partially a result of the Ronler Acres plan area, which had raised $8.7 million in 2000–01, ceasing to raise revenue through division of tax in 2001–02. Other urban renewal changes for 2001–02 included the addition of three new plan areas, in Lebanon, Portland, and Sherwood. These new plan areas raised a total of $1.5 million in 2001–02.

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 now is limited to a maximum of 3 percent growth per year. Exhibit 4 shows total assessed value growth from 1981–82 to 2001–02. 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.

Exhibit 4
Assessed and Real Market Values of Property in Oregon



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. Since 1997–98, statewide assessed value has been declining gradually each year from 79 percent to 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 2001–02, 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. Some 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.

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[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.

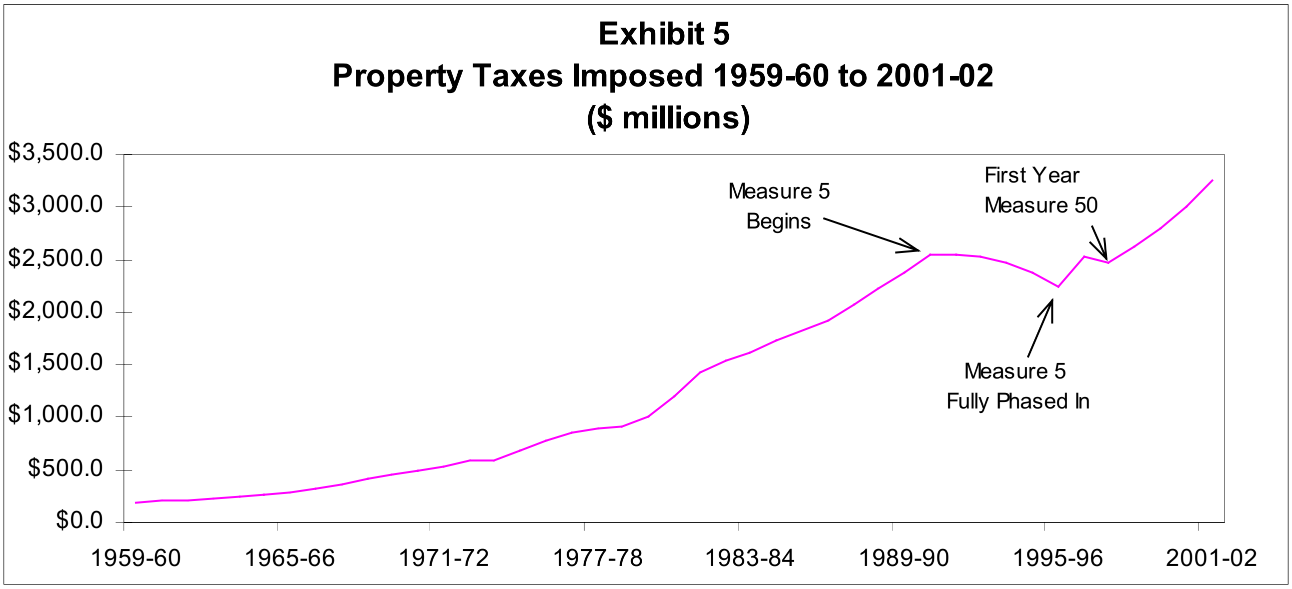
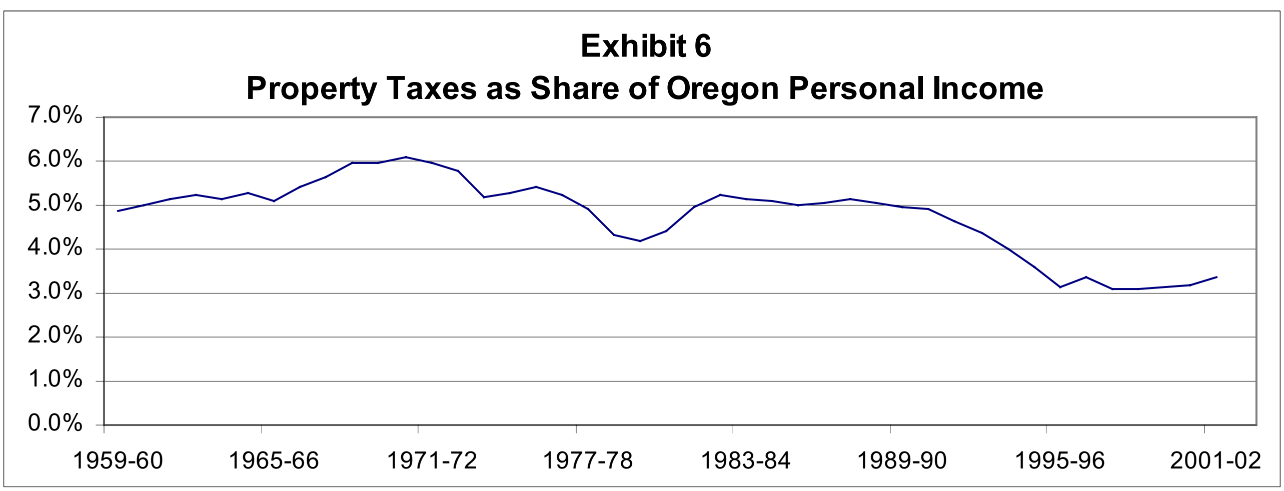


Exhibit 5 displays the growth of Oregon property taxes during the past 40 years. The chart illustrates several distinct periods. After modestly increasing up to the mid-1970s, property taxes grew more rapidly through the early 1990s. In 1990, voters passed Measure 5, and taxes from 1991–92 to 1995–96 were increasingly limited. This resulted in annual declines in taxes imposed through 1995–96. 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 1997–1998. Since 1997–98, taxes imposed have been increasing, but are at lower levels than they would have been without the limitations.

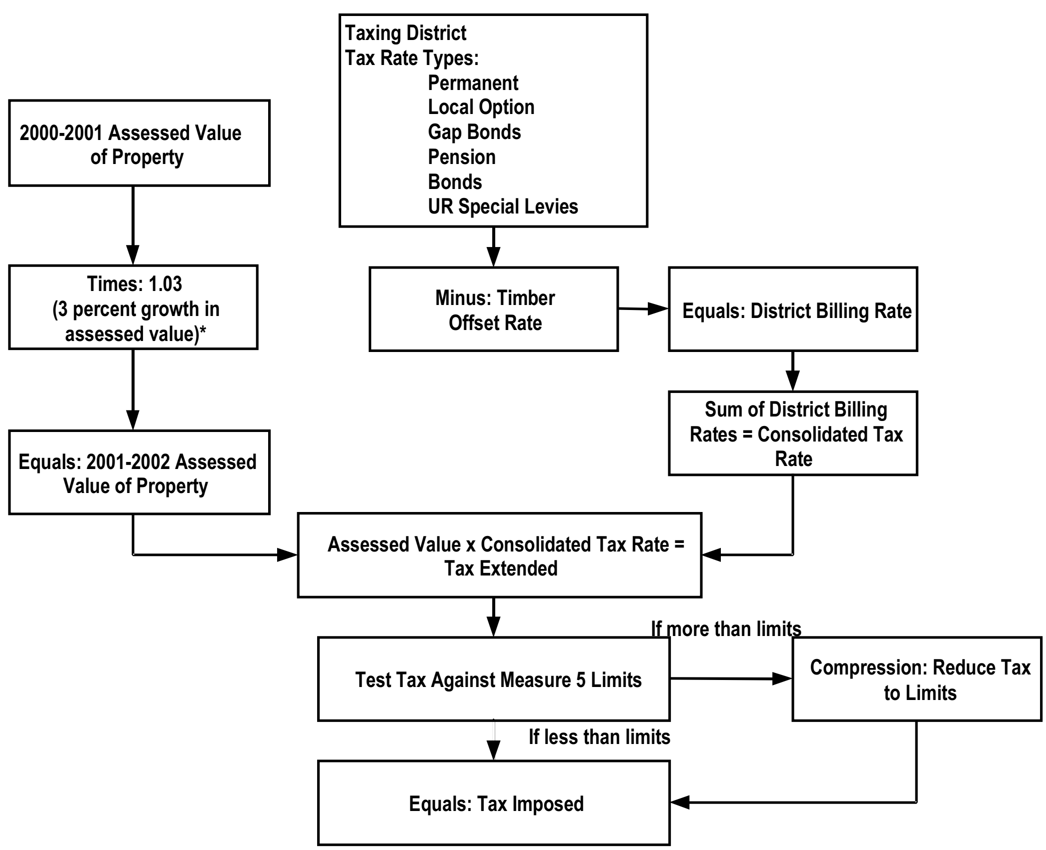


To appreciate the burden of property taxes on taxpayers, it is helpful to look at taxes in relation to personal income, which is a broad-based measure of statewide economic activity. Exhibit 6 shows the share of Oregon personal income that is represented by property taxes since 1958–59. The combination 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 percent age has decreased from over 5 percent in the 1980s to approximately 3 percent since 1997–98. Over the last two years, the percentage has increased gradually; in 2001–02 it returned to the 1996–97 level of 3.3 percent.

How Property Taxes are Determined for an Individual Property

Exhibit 7 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 nonbond taxes paid to the K–12, education service, and community college districts are subject to the Measure 5 school limit, while the nonbond 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 nonbond tax, the tax for each district is reduced first by reducing local option taxes to zero and then reducing nonbond taxes proportionately. The final tax (nonbond 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 2000, 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

All the data except for the permanent rates and values for centrally assessed property are provided by the county assessors offices. 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 programming problems. 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 were unavailable.

The data problems 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 or specially assessed 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 in calculating tax rates, and 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 because 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 tax 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 small railcar utility properties, which represent a small piece of total value, cannot be attributed to specific counties. Consequently, tables presenting county breakdowns do not include the unallocated 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.

Taxes Extended and Imposed

Urban renewal revenues generally are not included in the tax extended or tax imposed figures in the detail tables. However, they are included in the *Introduction* and *Overview and Highlights* sections, and in tables F.1, F.2, G.1, and G.2.

Table Changes and Clarifications:

A.1–A.2	Districts are counted once in these tables even if they cross county borders. In years prior to 2000–01, districts that crossed county lines (known as joint districts) were counted once for each portion of the district that was in a different county.
B.2	Changes in the numbers from one year to the next may be partially due to re-classification of properties by the counties for reporting purposes. The last part of this table, which in the past showed statewide total assessed value by property class, is not included this year because one county could not provide this information.
Appendix A	Permanent rate authority includes rate reductions mandated by SB 123 in the 1999 legislative session.