

DIVISION 310
LEVY OF PROPERTY TAX; TAX REDUCTION PROGRAMS

150-310.055

Adjustment of Operating Tax Rate Limitation for Gap Bonds

(1) For purposes of this rule the following definitions apply:

(a) A "Qualifying Taxing District Obligation," also known as "Gap Bond," means any portion of a local taxing district 1997-98 levy that was used to repay:

(A) Principal and interest for any bond issued before December 5, 1996, and secured by a pledge or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad valorem property taxes;

(B) Principal and interest for any other formal, written borrowing of moneys executed before December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly committed, or that are secured by a covenant to levy or collect ad valorem property taxes;

(C) Principal and interest for any bond issued to refund an obligation described in paragraph (A) or (B) of this section.

(b) "Operating Tax Rate Limit" means the maximum rate of operating taxes certified by the Department of Revenue that a district may impose.

(c) "Operating Taxes" means ad valorem property taxes that are subject to a permanent rate limit under section 11, Article XI of the Oregon Constitution, or statutory rate limit under ORS 310.236 (4), if applicable.

(2) Any taxing district whose Operating Tax Rate Limit was established in 1997-98 and whose operating levy certification for 1997-98 included levy amounts for Gap Bonds which were part of a tax base or other permanent continuing levy authority must have its Operating Tax Rate Limit increased for the tax year following the repayment of the debt obligation as outlined in this rule.

(3) In the year in which the Gap Bond debt is repaid the district must send a letter at least 30 days prior to the end of the fiscal year to the county assessor of each county in which the district imposes taxes with a copy directed to the:

Property Tax Division
Oregon Department of Revenue
PO Box 14380
Salem Oregon 97309-5075

At a minimum, the letter must include the following information:

(a) Name of the taxing district

(b) Levy amount identified as Gap Bonds on the 1997-98 M-50 Form

(c) Amount of Gap Bond debt paid by that levy which has been retired during the current tax year

(4) Within 30 days of receipt of its copy, the Department of Revenue must send a letter to the district and a copy of the letter to the county assessor(s): The letter must include the following information:

(a) The name of the district

(b) The Operating Tax Rate Limit before recalculation

(c) The new Operating Tax Rate Limit increase after recalculation

(d) The tax year for which the new Operating Tax Rate Limit increase will first apply

(5) The Department of Revenue must calculate the increase in the Operating Tax Rate Limit for the district by:

(a) Calculating the percentage the Measure 5 operating tax was reduced in the Measure 50 calculations to arrive at the Measure 50 tax without compression.

(b) Applying the reduction percentage in subsection (a) above to the Gap Bond or portion of Gap Bond authority.

(c) Adding the resulting amount remaining after the reduction calculation in (b) above to the Measure 50 (M50) tax without compression.

(d) Dividing the new total amount calculated in subsection (c) by the 1997-98 assessed value used to calculate the operating rate limit of the taxing district to arrive at the new Operating Tax Rate Limit. The rate will be carried out seven places and truncated.

(6) The final Operating Tax Rate Limits after all Gap Bond debt is repaid and the calculations, as done by the Department of Revenue, are shown in the following table:

**CALCULATION OF FINAL PERMANENT RATE LIMIT AFTER
INCORPORATION OF GAP BONDS**

County	District Name	(1)	(2)	(3)	(4)
		Gap Bond Or Pension Levy	M5 Tax W/O Gap Bond	M50 Tax W/O Compression	Percent Cut
Clackamas	N Clack Regional Park	1,036,306	1,785,911	1,505,637	-15.69364
Curry	Ophir RFPD	13,697	20,006	17,342	-13.31567
Curry	Port Orford-Langlois 2J School	35,228	903,149	750,114	-16.94461
Curry	Central Curry 1 School	153,325	1,495,624	1,278,319	-14.52940
Deschutes	Cloverdale RFPD *	11,710	144,934	126,648	-12.61678
Deschutes	Bend City *	368,220	5,772,317	5,645,317	-2.20016
Douglas	Azalea RFPD	11,950	24,855	22,605	-9.05293
Hood River	Hood River Park & Rec	152,062	220,767	180,089	-18.42602
Lane	River Road Park & Rec	32,287	1,110,715	922,453	-16.94961
Lane	Willamalane Park & Rec	83,995	4,845,900	4,131,676	-14.73874
Lane	Mckenzie Palisades Water	1,982	2,131	1,644	-22.85316
Lane	Dexter RFPD	14,189	144,992	113,629	-21.63095
Lane	Lowell RFPD	38,057	176,416	156,506	-11.28613
Lane	Lake Creek RFPD (Lane)	21,780	44,443	38,939	-12.38579
Multnomah	Portland 1 School	13,125,623	124,374,951	107,551,765	-13.52618
Multnomah	Mt Hood Community College	695,044	6,125,060	5,152,514	-15.87814
Polk	Polk 1J RFPD	93,435	711,014	631,215	-11.22323
Union	Union County	116,912	2,891,326	2,491,341	-13.83397
Multnomah	Portland City	53,712,161	140,946,038	121,373,034	-13.88688

**CALCULATION OF FINAL PERMANENT RATE LIMIT AFTER
INCORPORATION OF GAP BONDS (Continued)**

		(5)	(6)	(7)	(8)	(9)
			Old	Gap	Reduced	New
County	District Name	Assessed	Operating	Bond	Gap	Operating
		Value	Rate Limit	After	Bond	Rate
			(Per	Reduction	Plus	Limit
			Thousand)	Thousand)	M50	(Per
					Tax	Thousand)
Clackamas	N Clack Regional Park	4,420,848,850	0.3405	873,672	2,379,309	0.5382
Curry	Ophir RFPD	42,532,730	0.4077	11,873	29,215	0.6868
Curry	Port Orford-Langlois 2J School	196,826,739	3.8110	29,259	779,373	3.9596
Curry	Central Curry 1 School	359,797,980	3.5528	131,048	1,409,367	3.9171
Deschutes	Cloverdale RFPD *	125,297,490	1.0107	10,233	136,881	1.0924
Deschutes	Bend City *	2,142,097,133	2.6354	360,119	6,005,436	2.8035
Douglas	Azalea RFPD	28,222,415	0.8009	10,868	33,473	1.1860
Hood River	Hood River Park & Rec	869,353,023	0.2071	124,043	304,132	0.3498
Lane	River Road Park & Rec	310,631,936	2.9696	26,814	949,267	3.0559
Lane	Willamalane Park&Rec	2,093,864,867	1.9732	71,615	4,203,291	2.0074
Lane	Mckenzie Palisades Water	4,540,058	0.3620	1,529	3,173	0.6988
Lane	Dexter RFPD	88,150,826	1.2890	11,120	124,748	1.4151
Lane	Lowell RFPD	70,547,421	2.2184	33,762	190,268	2.6970
Lane	Lake Creek RFPD (Lane)	18,863,975	2.0641	19,082	58,021	3.0757
Multnomah	Portland 1 School	22,527,200,709	4.7743	11,350,227	118,901,992	5.2781
Multnomah	Mt Hood Community College	11,666,483,630	0.4416	584,684	5,737,198	0.4917
Polk	Polk 1J RFPD	474,887,793	1.3291	82,949	714,164	1.5038
Union	Union County	873,689,184	2.8515	100,738	2,592,079	2.9668
Multnomah	Portland City	26,524,462,295	4.5770	46,253,219	167,626,253	6.3196

*Calculations for the Cloverdale RFPD and the city of Bend in Deschutes County reflect the additional limitation impact of SB 123 (Oregon Laws 1999, Chapter 186)

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 310.055

Hist.: REV 13-1999, f. 12-30-99, cert. ef. 12-31-99; REV 5-2000, f. & cert. ef. 8-3-00; REV 3-2001, f. 7-31-01, cert. ef. 8-1-01

150-310.090

Tax Rate Computation

(1) The county assessor shall compute the tax rate for each district that levies an ad valorem tax by dividing the district's levy after offsets by the assessed value used to compute the tax rate. The computed tax rate shall be carried to seven decimal places and truncated. A separate tax rate shall be calculated for each category of levy of a taxing district.

(2) In the event that total taxes extended against a property exceed the limitation imposed on a category of taxes defined by Subsection (1) of Section 11b, Article XI of the Oregon Constitution, the taxes imposed upon such property in that category shall be reduced evenly by the percentage necessary to meet the limitation for that category as defined in this rule.

(3) For each property in the county, those taxes to be imposed for the purpose of funding the public school system, but not to pay principal and interest on exempt bonded indebtedness, shall be limited to the amount provided in the following schedule for each \$1,000 of real market value of the property:

Fiscal Year	Limit
1991-92	\$15.00
1992-93	12.50
1993-94	10.00
1994-95	7.50
1995-1996 and thereafter	5.00

(4) For each property in the county, those taxes to be imposed for the purpose of funding other government operations, but not to pay principal and interest on exempt bonded indebtedness, shall be limited to \$10 for each \$1,000 of real market value of the property.

(5) If the taxes in either category to be imposed on any property exceed the limit established for that category in Subsection (3) and (4) of this section, the assessor shall reduce the taxes by applying a reduction percentage. The reduction percentage shall be calculated by subtracting the limit for the category from the total taxes to be imposed in that category and dividing the difference by the amount of the combined tax in the category. The assessor shall then subtract from the taxes that would otherwise be imposed, that proportion of the taxes in the category obtained by multiplying the reduction percentage times the taxing unit's total tax within the category.

(6) After application of the reduction percentage to the taxes within each category, the total amount of taxes to be imposed on the property in either category may be different from the maximum amount that may be imposed due to rounding. In such a case, the tax amount for the district that has the greatest amount of taxes in that category shall be adjusted so that the amount of taxes to be imposed is equal to the maximum that may be imposed.

(7) The reduction percentage shall be carried to at least seven (7) digits.

(8) Alternately, the county may use the reciprocal of the reduction percentage to determine the amount of taxes that may be imposed on a property. When using the reciprocal, the amount of taxes imposed is calculated by multiplying the taxes extended by the reciprocal percentage. The result is the amount of taxes imposed.

(9) The difference between the taxes imposed and the taxes extended is the amount of loss reported by the assessor under ORS 311.105(A).

(10) When computing additional taxes for specially assessed properties that were disqualified prior to June 30, 1991, no compression of taxes is required. If specially assessed property is disqualified for tax year beginning on or after July 1, 1991, the provisions of ORS 310.165(4) apply for computing the additional taxes. (The maximum tax will be based on the real market value of the property for each year of special assessment.

Example:

Real Market Value \$100,000
Assessed Value \$100,000

	School Operations Limit	General Government Limit
Rate	\$ 15.00	\$ 10.00
Real Market Value:	<u>\$100,000.00</u>	<u>\$100,000.00</u>
Tax Extended	\$ 1,808.23	\$ 1,232.42
Less: Maximum Taxes	<u>\$ 1,500.00</u>	<u>\$ 1,000.00</u>
Taxes to be Reduced	\$ 308.23	\$ 232.42
Divided by	÷	÷
Tax Extended	\$ 1,808.23	\$ 1,232.42
Equals	=	=
Reduction Percentage	0.17045951	0.18858830

School Operations

	Tax Rate	Extended Tax	Maximum Tax	District Loss
High School	8.4691	\$ 846.91	\$ 702.55	\$144.36
Elementary	6.7832	678.32	562.69	115.63
ESD	1.2313	123.13	102.14	20.99
Community College	1.5987	<u>159.87</u>	<u>132.62</u>	<u>27.25</u>
Total School		\$1,808.23	\$1,500.00	\$308.23
Reduction Percentage	0.17045951			

General Government

	Tax Rate	Extended Tax	Maximum Tax	District Loss
County	3.1524	\$ 315.24	\$ 255.79	\$ 59.45
City	4.5650	456.50	370.41	86.09
Port	2.2578	225.78	183.20	42.58
Library	1.8490	184.90	150.03	34.87
Garbage Fee		<u>50.00</u>	<u>40.57</u>	<u>9.43</u>
Total General Government		\$1,232.42	\$1,000.00	\$232.42
Reduction Percentage	0.18858830			
Limitation Total		<u>\$3,040.65</u>	<u>\$2,500.00</u>	<u>\$540.65</u>

Nonlimited

City Bonds	2.154	\$215.40	\$215.40	
High School Bonds	1.345	<u>134.50</u>	<u>134.50</u>	
Total Nonlimited		\$349.90	\$349.90	\$349.90
Total School Operations				\$1,500.00
Total General Government				1,000.00
Total Nonlimited				<u>349.90</u>
Grand Total Taxes and Assessments Due				<u>\$2,849.90</u>

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 310.090

Hist.: RD 12-1987, f. 12-18-87, cert. ef. 12-31-87; 6-1988(Temp), f. & cert. ef. 9-2-88 thru 12-31-88; RD 9-1988, f. 12-19-88, cert. ef. 12-31-88; RD 3-1991, f. 12-30-91, cert. ef. 12-31-91

150-310.110

Joint District Apportionment Formula

(1) When a taxing district extends into more than one county and it levies a dollar amount ad valorem levy, the total of the levy must be apportioned among the counties in which it lies according to the assessed value to be used to compute the tax rate of the district in each county. The percentage of value in each county must be calculated to enough digits so that the tax rate for that levy will be the same in each county when truncated at the seventh (7th) digit.

(2) Separate apportionments must be done for each category of levy subject to the limits of Section 11b, Article XI of the Oregon Constitution.

(3) Example: The example district lies in two counties and has a levy subject to the School Operations limit. The levy is \$1,000. The example shows only one category of levy, if the district has more than one category, separate allocations would be done for each category of levy.

-School Operations Category-

	County A	County B	Total
Steps:			
A. District value in each county	\$20,000	\$80,000	\$100,000
Percentage in each county	20%	80%	100%
B. Total levy of district			\$1,000
C. Apportionment of levy			
Total levy	\$1000	\$1000	
Percentage of each county	20%	80%	100%
Levy apportioned to each county	\$200	\$800	\$1000
D. Computation of tax rate			
County A: $\$200/\$20,000 = \$10.0000$ per thousand dollars assessed			
County B: $\$800/\$80,000 = \$10.0000$ per thousand dollars assessed			

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 310.110

Hist.: RD 12-1987, f. 12-18-87, cert. ef. 12-31-87, Renumbered from 150-310.105; RD 3-1991, f. 12-30-91, cert. ef. 12-31-91; REV 2-2002, f. 6-26-02, cert. ef. 6-30-02; REV 10-2002, f. & cert. ef. 12-31-02