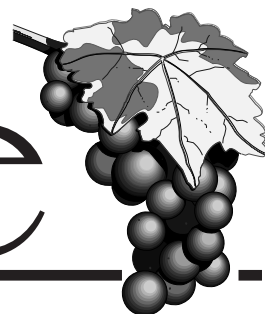


# Grapevine



Winter 2006  
Volume 11, Issue 1

## Legislation

### House Bill 2945

By JOHN PHILLIPS,  
PTD LEGISLATIVE LIAISON

The 2005 Legislature passed House Bill 2945. HB 2945 modifies an existing property tax partial exemption for certain disabled veterans, and created a new exemption for other veterans serving under Title 10 federal active duty.

The bill became effective November 4, 2005.

#### **The Existing Partial Exemption for Disabled Veterans**

This bill amends the disabled veteran's partial property tax exemption by increasing the amounts of the partial exemption and allowing for future indexing of those amounts. The bill also increases the means test for disabled veterans who have not been certified by the US Department of Veterans' Affairs. Its provisions apply beginning with the 2006-07 tax year. The application form for this exemption has been revised to reflect these changes.

The income limitations that have been previously listed for the veteran or for the veteran with a spouse or dependent are no longer valid. The new legislation **removed** them. They have been **replaced** with **185 percent of federal poverty guidelines**, which change annually. The application form has been revised to show this change. The indexing will produce very different results. For example, under old law, the veteran's income limit was \$8,778 per

year, and under new law, the limit (family size = 1) is \$17,704.50.

The implication with this 185 percent federal poverty figure is that it is updated in mid-February each year, which is after the forms have been (annually) revised and available. For this reason, the department will announce the new figures in our annual veteran's property tax exemption news release in late February, but the application form itself **will not** list the figures.

#### **The New Partial Exemption for Active Military Personnel Qualified Soldier's Exemption**

What is it?

- New law that exempts up to \$60,000 of the homestead's assessed value

When does it start?

- Begins July 1, 2005, for the 2005-2006 tax year (retroactive)

Who files?

- Soldiers who are deployed for at least 179 consecutive days
- Person occupying their home if the soldier is killed in action

How does the soldier qualify?

- Be initially ordered to federal active duty (Title 10 status) on or after January 1, 2005;
- Oregon resident serving in the Oregon National Guard, military reserve forces, or other organized militia\* (Title 32); **and**
- Serve under Title 10 for more than 178 consecutive days dur-

**Look for the Josephine Co. Courthouse in this issue.**

#### **Winter Conference** By CHRISTIE WILSON, PTD, TIMBER

The Oregon State Association of County Assessors (OSACA) 2006 winter conference will be held January 24-26, 2006 at the Best Western Oceanview Resort in Seaside, Oregon said Mark Kinslow, section manager of Cadastral Information Systems, Deferral, ORMAP and Timber. This conference is for information exchange and training for county assessors (and staff), county tax collectors and Department of Revenue Property Tax Division staff.

#### **Outstanding Assessor** PRESS RELEASE

The Oregon Society of Farm Managers and Rural Appraisers awarded Clarkamas County Assessor Ray Erland as Oregon's Outstanding Assessor. The award is given in recognition of outstanding public service, exceptional office efficiency, organization, availability, and accuracy of public records. Ray began working as an assessor in 1988.



Ray Erland

See **LEGISLATION** on page 6

## ***New Faces in Continuing Education***

By JUDI JAMES, RULES AND LEGISLATION

The department's Valuation Section recently selected Beth Daniell to coordinate training and appraisal issues analysis for industrial appraisers. Beth joined the section in 1988, and was most recently the lead appraiser for the Electronics team in the Valuation Section. Beth said she has always had a passion for meeting the training needs of industrial appraisers. The first course Beth offered for county assessors and appraisers was Industrial Appraisal in 1991.

Since then, Beth has developed continuing education credit courses for her peers as the need arises. Beth plans to develop a flexible training

program and materials that will give current industrial appraisers more opportunities to meet their continuing education requirements. Beth has an immediate challenge of teaching several new industrial appraisers the skills they need to succeed in their new jobs. She hopes to eventually build a developmental program for newly qualified appraisers interested in appraising industrial property.

Mike Culbertson joins the Continuing Education Team to offer training to county appraisers. Mike leaves the DATA team within the Department's valuation section to bring a wealth of appraisal and analytical exper-

ience to the team. Mike and his teammates, Carol Judd and Gregg Plass, lead a full schedule of continuing education courses around the state for county appraisers.

The Continuing Education Team relies heavily on its education coordinator, currently filled on a temporary workload assignment by Alea Albers. Among other things, Alea maintains the master class schedule, registers everyone for classes, locates facilities and resources her team needs to hold classes, and issues continuing education certificates to those completing courses. Alea recently returned to the Property Tax Division after experiencing life as a tax collector in another Revenue division.

## ***Court Case Corner***

By DOUG ADAIR, ASSISTANT ATTORNEY GENERAL

### ***Hoyt Street Properties v. Department of Revenue and Multnomah County Assessor, TC No. 4713***

The threshold issue in this case involved whether the taxpayer's untimely appeal should proceed based on a claim of estoppel. On an appeal from a Magistrate Division decision, issues such as timeliness of the original filing are reviewed de novo by the Tax Court's Regular Division. The taxpayer claimed that the state and county's conduct during the appeal period was misleading. The court found that the county had provided clear, written instructions regarding the appeal timeline, and that the taxpayer failed to demonstrate "proof positive" of statements or conduct by defendants that were contrary to that written information. On this basis, the court ordered the complaint to be dismissed.

### ***The Benson Apartments LLC v. Douglas County Assessor, No. TC-MD 040518C***

An issue in this case was whether the taxpayer is an individual limited liability company (LLC) or a member of the LLC that owns other property in the county. ORS 308.250(2) provides for cancellation of personal property assessment when the total value of the taxpayer's property in the county is less than \$13,000 (as indexed



to the 2003-04 tax year). In this case, each LLC's personal property was less than the statutory threshold for cancellation of the assessment. However, the combined value of personal property in the member's two LLCs exceeded the statutory threshold. The court held that each LLC was a separate legal entity entitled to taxpayer status and ordered the personal property assessments to be cancelled.

# Karen's Korner

By KAREN GREGORY, PROPERTY TAX DIVISION ADMINISTRATOR



## Property Taxes Through the Years

A few months ago, I developed a short presentation for the new managers at the department to explain what we do in the Property Tax Division. As I thought about what information would be helpful to those not in our field, it occurred to me to ask, "How did property taxes start, and what was the origin of the county assessor?" After all, most citizens are only aware of their property taxes once a year when the "big" bill becomes due.

Today, Oregon counties are some of the most flexible, locally responsive, and creative government bodies in the country. They are diverse; varying greatly in size, population, and government structure. County government today is often the mechanism by which geographic or societal changes are met with strategies that are locally initiated and accountable. Many counties are promoting economic growth in their communities, increasing employment for their citizens, and developing a broader tax base to support the needed services.

It has taken a long time for property taxes to evolve into the system that's in place today.

Property taxes on ownership of property were used in ancient times, but the modern system has roots in the feudal obligations owed to British and European kings or landlords. The settlers brought with them the county form of government from England. However, because people tended to live closer to one another, villages, towns, and cities emerged as the most important governing bodies. Counties functioned as arms of the city and state government, and had no specific role or power.

A well-developed tax system funded The Revolutionary War; the specifics varied from colony to colony, but a property tax was levied at fixed rates on enumerated items and sometimes according to value.

In 1859, when Oregon became a state, a general property tax clause was included in the constitution that required all property be taxed equally by value. The tax applied to all wealth, real and personal, as well as tangible and intangible including: stocks, bonds, land mortgages, notes, and intellectual property. The system worked well in rural areas where land and mortgages were the primary property, but determining the basis of wealth in the more populated areas with more complicated financial investments was quite difficult. An elected official administered the general property tax by determining the market value of the property, computing the tax rates, collecting the taxes, and remitting the proceeds to the proper government. Sound like anyone you know today?

About 1910, state income taxes were enacted and intangible property, such as intellectual property and some

types of tangible property like stocks and bonds were eliminated from the property tax base.

The automobile industry created a new life style---in 1930 there were 23 million cars, which created a demand for better roads. People moved outside the city, which resulted in demands for services such as sewer, disposal, etc. Counties became the government to meet these new challenges and deliver the needed services.

From 1948-58, 85 percent of all new homes built in settled areas were outside cities. These folks still expected the services they experienced in the cities: schools, parks, hospitals, libraries, fire and police services. Because many of these areas were unincorporated, the counties picked up the tab and encountered dramatic new financial obligations.

The 1950s gave rise to the counties gaining political power based on their growing populations as they developed a regional approach to their new pressures that ranged from transportation issues to environmental protection. During this time the Councils of Government, or COGs, developed. These are regional councils that work together to address their shared needs and challenges. Many of these regional governments get substantial dollars for transportation and housing development, in addition to a previous system for federal revenue, which no longer exists today.

As you are no doubt aware, there are some very special county challenges in the west. Much of the land in the western states is federally (parks/forestland) or tribally owned, and therefore, not subject to taxation. In many cases, however, local government is still expected to supply service in terms of law enforcement, search/rescue, and fire support. To balance this inequity, the federal government developed a system of Payment In Lieu of Taxes. This system began in 1976, and Congress has authorized it each year since. In some Oregon counties, these payments represent up to about 60 percent of the county budget.

I found this mini history lesson fascinating, and I hope you, too, find it valuable. Thank you all for the excellent work you do for the counties and the state; the challenges continue to be many, but as this history shows, working together, we can develop meaningful solutions that maintain and enhance the property tax system.

Best wishes for a wonderful holiday season from all of us at the department.

*Information included is courtesy of the State Library, which sent me The History of County Government Parts 1-3 and History of Property Taxes in The United States by Glenn W. Fisher, Wichita State University*

## **Field in the Field:**

# **Some of the things we do and why**

The fall quarter of each year is usually “special projects” time for field unit team members. *Grapevine* was interested in these activities and asked each field office to provide an example for our readers.

## **Sandy DeAvilla and Gary Cook in Jackson County**

The Eugene field staff have been working with Jackson County’s data analyst **Ruth Goodrich** and appraiser/analyst **Chris Parton** on a pre-recalculation set-up in Excel procedure to determine land, on-site development, local cost modifiers and depreciation adjustments. These results, in conjunction with data generated from other county-created spreadsheet programs, will be used by the county’s ORCATS computer system to recalculate the real market value of 13,000 residential properties.

In this photo Ruth, Gary, Chris and Sandy (left to right) contemplate sales data and statistics they are using to determine a base land value for a group of subdivisions in east Medford. As you can see by their concentration on Chris’



screen, this type of analysis does not develop obvious solutions!

Gary Cook and Sandy DeAvilla works from the Eugene field

office and can be reached at 541-686-7865 and 541-686-7880,

[gary.l.cook@state.or.us](mailto:gary.l.cook@state.or.us) and [sandy.l.deavilla@state.or.us](mailto:sandy.l.deavilla@state.or.us).



## **Karen Anderson in Washington County**

I was fortunate to be able to spend a week with the Washington County residential appraisal staff for a set-up class using Excel taught by **Joe Nelson** (standing), residential section appraisal supervisor. It was evident that Joe has put a great deal of time and effort into creating this system. The spreadsheet is a tremendous analysis tool that could be readily adapted by other counties as a part of their reappraisal process.

As an added bonus, I was able to meet and work with a very enthusiastic group of appraisers who work well together and enjoy networking in a way that encourages interaction to problem solve and improve their analysis process. I appreciated the opportunity to take part in the class.

Karen Anderson works from the Salem field office and can be reached at 503-945-8355, or [karen.e.anderson@state.or.us](mailto:karen.e.anderson@state.or.us).



Fred: "My first step is to talk to the movers and shakers and find out who, where, why and how the exchange of hotel motels is taking place in the market."

### ***Fred O'Banion on Hotel Motel Value Training***

The exciting part of doing "special property" seminars for the counties is that we can bring a higher level of valuation technique to some very high dollar properties. The department has the resources to consider the market of all 36 counties in Oregon and beyond.

The "Hotel Motel" discussions look at market data throughout the Northwest, which resembles the marketing area for this property type, ensuring the valuation process reflects the real market value called for in the statutes. It is difficult for the county appraisers to achieve this level of exposure to the regional markets of hotel motel properties, because of their time and resource limitations.

The fun part of these training sessions is the class reviewing the data and watching them embrace the market conclusions. From this perspective, I take my first clue to presenting a valuation seminar: Appraisers do not create value, the market reflects value, and we as appraisers simply report what the market displays at any given time.

Fred O'Banion works from the Bend field office and can be reached at 541-388-6168, or [fred.a.obanion@state.or.us](mailto:fred.a.obanion@state.or.us). His hotel motel workshop was November 30, 2005.

## ***Department of Revenue's Appraisal Library***

It is true that studies, based on tabulations from actual hotel motel data, are available, but they can be prohibitively expensive for individual counties. Many studies and other valuation publications are accessible through the department's appraisal library, which Fred maintains.

But, Fred cautions that although these publications should and can be considered, there is no substitute for talking to the brokers, sellers and buyers, and property managers.



### ***Sue Payne working with the field teams***

In the world of property tax, nothing stays the same for very long. How it was before is light-years away from our spirited discussions on court cases, recalculation versus reappraisal, exceptions and legislation.

I recently facilitated a Field Unit meeting at which the developed agenda addressed these and other current events. Sitting in the facilitator's chair is an interesting challenge. The clock is ticking while debates are serious and opinions are flying. Even as the issues are far-reaching it's incredible to look around the table at the years of experience and the enormous store of knowledge and talent at work.

This photo caught Sue with her meeting attendees.

Sue Payne works from the Pendleton field office and can be reached at 541-966-4471, or [susan.y.payne@state.or.us](mailto:susan.y.payne@state.or.us).



Josephine County Courthouse

ing the tax year for which the exemption is claimed, after a change in status from serving under Title 32.

**How does the “occupant” qualify?**

- Lawfully occupies the qualified soldier’s home, and the soldier was killed in action. (The soldier must meet all of the qualifications stated above prior to being killed in action **except** for the minimum number of service days.)

**How do they file?**

- Complete an *Oregon Active Military Service Member’s Exemption Claim* form ([150-303-084](#))
- Attach soldier’s military orders, DD214, a letter on military letterhead, or other military-issued documentation to the claim. The documentation must show:
  - The soldier was initially ordered to federal active duty (Title 10) on or after January 1, 2005;
  - The soldier’s active duty service days under Title 10, after a change in status from Title 32. Must serve at least 179 consecutive days under Title 10 during the tax year for which the exemption is claimed – **or** – the date the qualified soldier was killed in action.
- The lawful occupant must attach proof of occupancy (driver’s license, passport, election registration card, property tax statement).
- File with the county assessor’s office in the county where the home is located

**When does the soldier file?**

- On or before January 3, 2006, to claim the exemption for the 2005-06 tax year.
- On or before April 1, 2006, to claim the exemption for the 2006-07 tax year.
- Within 30 days if they acquire property after March 1 but before July 1.
- Not later than May 1 if the county assessor notifies them by mail. For example, if the qualified soldier had received the exemption in the previous year and the assessor notifies them that they didn’t receive their claim for exemption for the current year, the qualified soldier may file a claim not later than May 1 of the current year and include a \$10 late-filing fee.
- During this first filing period *only*, the qualified soldier may file one claim, check the appropriate box or boxes, and may claim the exemption for **either or both** of the 2005-06 and 2006-07 tax years. **The soldier must qualify for both tax years if they are filing for both tax years.**

**When does the lawful occupant file?**

- At any time during the current tax year (from July 1 through June 30), to claim the exemption for the current tax year **if either:**

- The qualified soldier was killed in action during the prior tax year; or
- The qualified soldier acquired the home they’re occupying after March 1 but before July 1 of the prior tax year and was killed in action within 30 days of acquisition.

**What’s “organized militia”?\***

- ORS 396.105 – The organized militia shall be composed of the Oregon Army National Guard and the Oregon Air National Guard, which forces together with an inactive National Guard shall comprise the Oregon National Guard; the Oregon State Defense Force whenever such a state force shall be duly organized; and such additional forces as may be created by the governor.

**What’s Title 10 service?**

- Federal Active Duty in the U. S. Armed Forces
- Soldiers receive their military orders showing their term of deployment. This gives evidence of their scheduled active service days under Title 10 (prospective).
- When the soldiers are released from active duty, they’ll be “processed” and receive their DD214, showing their active service days under Title 10 (retrospective).

**What’s Title 32 service?**

- Military reserve forces in the Oregon National Guard or other organized militia
- When soldiers have a change in status from serving under Title 32 to serving under Title 10, their military orders or DD214 will indicate this.

Do not confuse this new exemption for **active duty soldiers or lawful occupants** with the long-standing exemption for **disabled war veterans or surviving spouses!** They are two distinct property tax exemptions! **Filing instructions are on the back of the exemption claim form.**

**Senate Bill 479 Food Processor Exemption**

The State Legislature determined that Oregon food processors needed assistance in the form of a property tax exemption to revitalize their industry. This bill concludes that food processors employ a significant number of people and help keep farmers producing on our land. To facilitate modernizing investments so that food processors remain competitive in today’s global economy, the 2005 Legislature passed a bill (SB479) that Governor Kulongoski signed into law earlier this year.

Beginning January 1, 2006, food processors engaged in the business of freezing, canning, dehydrating, concentrating, preserving, processing, or repacking fresh fruits and vegetables, nuts, legumes, or seafood are entitled

*Continued on next page*

## Feature Focus –The Deferral Team

There are four staff members in the Deferral team; two office specialists, one administrative specialist and one operations and policy analyst. The Deferral team handles the Senior/Disabled Citizens and Special Assessment programs. They process applications and make payments to counties on taxpayers' behalf.

### **Lisa vanSanten**

#### **PTD, Timber/Deferral Office Specialist**

I received a bachelor's degree in elementary education from OCE (now Western Oregon University) in 1983. I started teaching at a small boarding school in South Dakota. I began my career at Revenue in the Scanning Unit (PQA) as a seasonal. In 1985, I was hired as a permanent part time employee in the Scanning Unit. Then, I became a leadworker and was responsible for training seasonal employees.

In 1999 I was selected as a work out-of-class support person in the Special Program Administration (SPA) unit in Corporation/Estate. This was a positive and wonderful experience.

I did not have a lot of experience with the AS400. Before I left, I had learned how to calculate penalty and interest and issue cigarette tax refunds online. In 2000, I returned to scanning. Six months later, I was given a promotion to office specialist in the Deferral Unit.

Working in the Deferral Unit has been very challenging. There is something new and different every day. It's great to work with a program that is so positive and helps the elderly and disabled continue to live in their homes.

Since we became part of the Timber Unit, I work with the processing of timber permit information that we receive from the Oregon Department of Forestry. There is so much to timber taxes that I didn't know.

There have been several changes in the last 20 years! I have watched a lot of people come and go. The biggest changes are in automation. When I started, 10 people

#### **LEGISLATION Continued from previous page**

to seek a 100 percent property tax exemption on qualified machinery and equipment (M&E), including any real property M&E, or personal M&E used in an integrated processing line other than forklifts, trucks or rolling stock. The exemption lasts for five consecutive property tax years.

The property needs to be "newly acquired" (new or used) and in operation on or before December 31, 2005, to start a five-year exemption in 2006. Under the new law, such new property will likewise be exempt if placed in service during the 2006, 2007, 2008, or 2009 calendar year. The M&E must also be used in the "primary" processing of raw agricultural products prior to the point of first sale. Otherwise there are no requirements to use the program, except for procedural ones.

shared one terminal. We had to sign up on a schedule to use it. Now almost everyone has a personal computer .

### **Bobbi Barott**

#### **PTD, Deferral, Operations & Policy Analyst**

I moved from Wyoming to Oregon in late 1986. My 18-year career in Oregon government began in January 1987 at the Department of Revenue. Since then, I have worked for the Oregon Economic Development Department - Job Training Partnership Act Division and Tourism, and at the Department of Corrections-Workforce Development. I returned to Revenue in 2002, where I currently work in the Property Tax Division with the Deferral Unit.

One challenge is learning about Oregon's property tax system and knowing that whatever I have learned so far is only scratching the surface. I try to stay open and try to remain positive about the changes that happen in both my career and personal life, because change happens.

### **Debbie Saalfeld**

#### **PTD, Timber/Deferral, Administrative Specialist**

I started at the Department of Revenue in February 1981 doing data entry. From there, I went to work in Collections Support, then started working out-of-class assignments in various divisions, sections and units in the agency. I landed in Property Tax Division, where I am currently an administrative specialist in the Deferral Unit. I have received two "Outstanding Employee" awards.

One of the most challenging tasks is being a "user tester" on various system projects that affect the timber and deferral programs.

Our agencies are still working out the details, but firms must issue a written request for certification to the Oregon Department of Agriculture (ODA) and an ODA representative will visit the company and certify that a piece of equipment is eligible for the exemption. At the time of the visit, a certification form listing all certified M&E will be given to the company. The company must file an application for exemption along with a copy of the certification listing with the Oregon Department of Revenue or the county assessor, depending on which one normally appraises your property. The application must be postmarked not later than March 1 of the first exemption year.

For additional information on the program, contact the ODA's Food Safety Division at (503) 986-4720.

## Neil Hundtoft:

# "Thanks for all our time together"

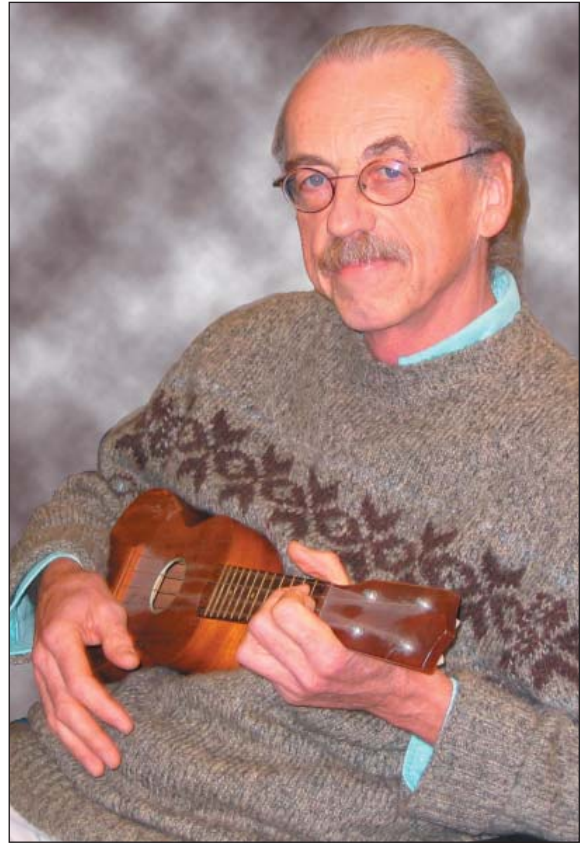
Neil Hundtoft's last day at Revenue was November 30, 2005. Neil will be remembered for his analysis and communication skills, which have benefited Oregon's property tax system since 1978.

Neil writes in his departing e-mail, "Thanks for all our time together and for the good stuff we have shared over these years. As I move on, it's with very good memories of each of you, of all that we got to work on together and of all our conversations about this and that. As everything keeps changing around us, I think of you and the wonderful range of abilities you all have. You're up to whatever comes, I'm sure. Thanks again for allowing me to have this time with you. All the best to each of you."

Neil was honored on his last day during the commercial tech meeting. Jim King, the meeting's facilitator and Neil's long-time co-worker, presented a commemorating plaque accompanied by a short roasting. And, true to form, Neil graced the group with two of his original "ditties" complete with ukulele accompaniment, for which he received a standing ovation in appreciation and respect. But, dedicated to the end, later at that meeting, Neil offered his insight on current low-income housing developments before departing on his new adventure.

*"I leave a much richer person because of everyone I've known during this time at Revenue. I'm grateful for this experience and I'm excited about what's ahead."*

—Neil Hundtoft, 11/29/05.



Neil Hundtoft

## Comings and Goings

By MARY KINTNER, ADMINISTRATION

### New Employees

**Samantha Posvar**, student office worker, Central Support

**Kayla Brinlee**, student office worker, FAST Team

**Ronda Kerner**, appraiser analyst 3 (underfill), Valuation

### Resignations

**Neil Hundtoft**, appraiser analyst 4, Program Services

### Promotions and Transfers

**Mike Culbertson**, appraiser analyst 3, Continuing Education

**Melinda Emerson**, office specialist 1, Business Division

**Michael McEvoy**, appraiser analyst 3 (underfill), Valuation

**Kathryn Barnett**, appraiser analyst 3 (underfill), Valuation

## Grapevine

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