

## Chapter 13

# Maximum Assessed and Assessed Value

### Maximum Assessed Value

The assessor is required to calculate a maximum assessed value (MAV) for each property in the county in addition to maintaining real market value (RMV). MAV is defined as:

The greater of 103 percent of the prior year's assessed value or 100 percent of the prior year's MAV.

This definition applies only to property or the portion of a property that has not been modified by certain changes during the previous assessment year.

### Changed Property and Exceptions

Certain changes to property allow MAV to be increased above the 3 percent statutory limit. These changes are referred to as "exceptions." An exception is defined as any change to property, not including general ongoing maintenance and repair.

The types of exceptions that allow the MAV of an account to be increased above 3 percent are:

- The property is new property or new improvements to property.
- The property is partitioned or subdivided.
- The property is rezoned and used consistently with rezoning.
- The property is first taken into account as omitted property.
- The property becomes disqualified from exemption, partial exemption or special assessment.
- The lot lines of the property are adjusted. In this case, MAV for the affected lots cannot be increased above the original MAV of the affected lots.

Changes to property that are under a specified dollar amount may be considered minor construction and may not change the MAV of property. Minor construction is discussed on the next page.

An increase in the value of property due to a cyclical reappraisal or to annual market trending cannot be added to MAV.

## Changed Property Ratio (CPR)

The changed property ratio is used to calculate the MAV of an exception. The assessor calculates the CPR by dividing the average MAV of all unchanged properties in the county and in the same property class by the average RMV of all unchanged properties in the county in the same property class. The county may combine property classes to calculate a CPR if there is not enough unchanged property in a class to arrive at an accurate ratio. See OAR 150-308.156.

The RMV of the exception is then multiplied by the CPR to calculate the MAV for the exception. The purpose of multiplying the RMV of the exception by the CPR is to bring the MAV of new (changed) property to the same general assessment level as unchanged property.

For centrally assessed properties, the CPR is calculated statewide.

## MAV Calculation for Exceptions

Following are the two methods used to calculate MAV for property changed by an exception.

- MAV for a new property tax account that is 100 percent exception value:  
$$\text{RMV of exception} \times \text{CPR} = \text{MAV}.$$
- MAV for a property tax account that already existed but that has been changed by a qualified exception:  
$$\text{MAV of existing property (greater of 103\% of prior year AV or 100\% of prior year MAV)} + \text{RMV of exception} \times \text{CPR} = \text{current year MAV for account}.$$

## Minor Construction

Minor construction is an improvement to either land or buildings that has an RMV of \$10,000 or less in any single assessment year, or an accumulation of \$25,000 or less for five assessment years. Minor construction cannot be added to the assessment roll unless the cumulative value of all major and minor construction exceeds \$25,000 during a five-year period. If the \$25,000 limit is exceeded, the value of the construction is multiplied by the current year CPR and added to any already existing MAV.

The assessor is required to track minor construction from year to year to determine if the \$25,000 threshold has been exceeded or if five years have passed since the minor construction occurred. This tracking system is referred to as the “minor construction pool.”

The five-year period is a “rolling” period. The value of minor construction that took place in year one drops out of the pool in year six if no other construction occurs. Once the \$25,000 limit is exceeded, the five-year period starts anew. If the limit is not exceeded during the five-year period, the value of the minor construction cannot be added to MAV. Market trends are not applied to minor construction in the years after the values have been added to the pool.

Although MAV cannot be increased for minor construction, RMV is always adjusted to reflect new value added to the property.

Manufactured structures with a value of \$10,000 or less are not considered minor construction and their value is added to MAV in the year after the structure is sited.

### **General Ongoing Maintenance and Repair**

ORS 308.149 specifies that MAV cannot be adjusted due to changes in the value of property resulting from general ongoing maintenance and repair. This premise applies regardless of the value added to the property as a result of the repairs.

General ongoing maintenance and repair is defined in part as the repair or replacement of existing materials due to normal wear and tear or deterioration.

General ongoing maintenance and repair:

- Preserves the condition of existing improvements without significantly changing design or materials;
- Does not create new structures, additions to existing real property improvements, or replacement of real or personal property machinery and equipment; and
- Does not affect a sufficient portion of the improvements to qualify as new construction, reconstruction, major addition, remodeling, renovation, or rehabilitation.

Typical examples of ongoing maintenance and repair may include reroofing, painting, or replacing floor or wall covering.

If property is repaired using materials superior to the material being replaced, the difference in value between the item being replaced and the superior product can be added to MAV.

## **Netting New Property and Retirements**

When new improvements are added to property, some existing property is often removed. If improvements are removed during the same assessment year that new property is added, the RMV of the new property is netted against the RMV of the retirements before adjusting MAV.

To determine whether property exceeds the minor construction limit, the RMV of the new property is tested against the limit prior to making any deductions for retirements. The net value of additions and retirements cannot go below zero. If property is removed in the assessment year prior to the addition of new property, no adjustment to MAV is made for the retirement.

## **Assessed Value**

Assessed value (AV) is the value used to calculate the tax on property.

AV is defined by statute as:

The lesser of real market value or maximum assessed value.

## **Changed Property Analysis Codes**

The following pages contain a list of different types of changes to property and the method of treatment in use for each type at the time this manual was published.

## Changed Property Analysis Codes

### Sub-Category: Structures

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
1.	Any new construction/major addition greater than \$10,000 in 1 year or \$25,000 over 5 years.	Exception	Yes	Yes	308.153 & 308.149 150-308.149(6)
2.	Reconstruction of existing property.	Exception	Yes	Yes	308.153 & 308.149 150-308.149-(A)
3.	Modernization of existing property.	Exception	Yes	Yes	308.153 308.149
4.	Remodeling of existing property.	Exception	Yes	Yes	308.153 & 308.149 150-308.149-(A)
5.	Renovation of existing property.	Exception	Yes	Yes	308.153 & 308.149 150-308.149-(A)
6.	Rehabilitation of existing property.	Exception	Yes	Yes	308.153 & 308.149 150-308.149-(A)
7.	Restoration of existing property.	Exception	Yes	Yes	308.153 & 308.149 150-308.149-(A)
8.	General on-going maintenance and repair of any value.	RMV Change	No	Yes	308.149(5) 150-308.149-(A)
9.	Minor construction less than \$10,001 in 1 year, or less than \$25,001 over 5 years.	RMV Change	No	Yes	308.149(5) & (6) 150-308.149(6)
10.	Improvement physically moved to different location. (Unless subject to ORS 308.162)	Exception	Yes	Yes	308.149(5)
11.	Value of structures moved from one account to another. Structure not physically moved.	MAV Balance	Balance	Yes	308.162
12.	Error in square footage calculation corrected by review or reappraisal. No structural change.	RMV Change	No	Yes	
12 a.	Error in square footage. By taxpayer application. (Allows for reduction only)	Exception	Yes	Yes	311.234 150-311.234
13.	Floor levels reclassified after base year.	RMV Change	No	Yes	
14.	Inventory record corrected on review or reappraisal after base year. (Unless omitted property.)	RMV Change	No	Yes	
15.	Loss in value of property if destroyed or damaged due to fire or act of God. (Allows for reduction only.)	Exception	Yes	Yes	308.146(5) 150-308.146(5)(a)
16.	Building removed/demolished. (Not by fire or act of God.)	RMV Change	No	Yes	

### Sub-Category: Land

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
17.	Improvements to land, either on-site or off-site greater than \$10,000 in 1 year or \$25,000 within 5 years. (As defined in ORS 307.010.)	Exception	Yes	Yes	308.153 307.010 150-307.010(1)
18.	Event on property or on contiguous property triggers change in value attributed to existing physical characteristic of land.	RMV Change	No	Yes	
19.	Combination of two or more accounts.	MAV Balance	Balance	Yes	

**Sub-Category: Land (cont.)**

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
20.	Previously existing landscaping revalued.	RMV Change MAV Balance	No	Yes	
21.	Property is rezoned and use does not change.	RMV Change	No	Yes	308.156(2)
22.	Property is rezoned and use is consistent with new zoning.	Exception	Yes	Yes	308.156(2) 150-308.156(5)-(B)
23.	Lot lines of property are adjusted.	Exception	Yes Limit	Yes	308.159 150-308.159
24.	Property is subdivided or partitioned under Ch. 92. (Not subject to ORS 308.162)	Exception	Yes	Yes	308.156(1) 150-308.156(5)-(A)
25.	Property is subdivided or partitioned only by deed division or court order. (Not subject to ORS 308.162)	Exception	Yes	Yes	308.156(1) 150-308.156(5)-(A)
25 a.	Property is divided on existing lot lines established by prior Ch. 92 subdivision or partition process.	MAV Balance	Balance	Yes	DOR Memo Dated 11-27-01
26.	Portion of property valued as a unit or part of total sold.	RMV Change	No	Yes	

**Sub-Category: Personal Property/ MS/ M & E**  
(\$10,000 minor construction threshold does not include initial siting of MS or Floating Homes)

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
27.	Siting/installation of MS or floating structure.	Exception	Yes	Yes	308.149(5)
28.	Rehabilitation of MS or floating structure.	Exception	Yes	Yes	308.149(5)
29.	MS transferred from one roll to another. (Not physically moved.)	MAV Balance	Balance	Yes	308.162
30.	MS moved to different location.	Exception	Yes	Yes	308.149(5)
31.	Change of classification of M & E from Real to Personal or Personal to Real.	MAV Balance	Balance	Yes	308.162
32.	New account is created for new personal property.	Exception	Yes	Yes	308.153
33.	Personal property physically moved from one account to another. (Unless subject to ORS 308.162)	Exception	Yes	Yes	308.153
34.	Personal property value transferred from one account to another. (Not physically moved.)	MAV Balance	Balance	No	308.162
35.	M & E transferred from one account to another. (Not physically moved.)	MAV Balance	Balance	No	308.162

**Sub-Category: Code Area Changes**

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
36.	Code area changes due to any reason.	Not a change	NA	NA	
37.	Property physically moved to different code area.	Exception	Yes	Yes	308.149(5)

**Sub-Category: Exemptions & Special Assessments**  
(MV = Market Value MAV; SA = Specially Assessed MSAV)

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
38.	Property changed from exempt or partially exempt to taxable.	Exception	Yes-MV	No *	308.156(4)(a) 150-308.156(5)-(D)
39.	Property disqualified from special assessment.	Exception	Yes-MV	No *	308.156(4)(a) 150-308.156(5)-(D)
40.	Property changed from one special assessment, exemption, or partial exemption to another special assessment, exemption, or partial exemption.	MSAV Change	No-MV Yes-SA	Yes	308.156(4)(b) 308A.706(1)(d)
41.	Classification of specially assessed land is changed by the assessor. Land is not changed or improved.	MSAV Change	No-MV Yes-SA	Yes	150-308A.107
42.	Classification of specially assessed land is changed due to improvements to the land and land is revalued.	MSAV Change	No-MV Yes-SA	Yes	150-308A.107
43.	Newly qualified property changed from market to specially assessed.	NA	No-MV Yes-SA	No	See valuation statutes per program.

**Sub-Category: Miscellaneous**

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
44.	Property class change. See Codes 21 & 22 if rezoned.	RMV Change	No	Yes	150-308.146
45.	Property contaminated. RMV reduced to reflect contamination.	RMV Change	No	Yes	150-308.205-(E)
45a.	Correction of contamination. (If RMV reduced to reflect contamination, then RMV and MAV adjusted as clean-up occurs.)	Exception	Yes	Yes	150-308.205-(E)
46.	Market area changed (neighborhood, value area).	RMV Change	No	Yes	

**Sub-Category: Corrections**

Code Number	Description of Change	Changed Property Category	Allows Change of MAV?	Allows Change of RMV?	ORS & OAR Reference
47.	Omitted Property added to roll.	Exception	Yes	Yes	308.156(3) 150-308.156(5)-(C)
48.	Correction of clerical error or error or omission of another kind that adds value to the roll.	Exception	Yes	Yes	308.156(3)
49.	Settlement of appeal affects value for base year and changes MAV.	NA	Changes base MAV	Yes	
50.	Appeal reduces total value of property after base year. (Unless MAV change included in order/decision.)	RMV Change	No	Yes	
51.	Appeal reduces total value of property. Property includes an exception added after base year. Use best information to arrive at value attributable to exception.	Exception	Yes	Yes	
52.	Correction of clerical error or error or omission of another kind that does not result in addition of value.	MAV Balance	Balance	No	

\* RMV will need to be determined upon disqualification if no RMV exists on the roll or if use changes.