

# Foreword

In recent years, we have seen many changes in Oregon's property tax system. So it's not unrealistic to anticipate revisions to assessment and appraisal procedures that reflect some of these changes.

One of the recent changes is the elimination of the statutory requirement for the cyclical revaluation. It is important that given this change, we don't forget the need to maintain the integrity of the database. For the adjustment program to function properly, some level of physical revaluation will be necessary.

The purpose of this manual is to provide county assessors with the procedures for developing ratio studies as required by Oregon Revised Statutes (ORS) 309.200(A)(B)(C). The Department of Revenue must approve any deviation from the procedures set out in this manual.

Ratio studies are developed and used by county assessors to keep real market values current with changes in the real estate market place. Each year, assessors must measure the effect of these changes when placing values on the assessment and tax rolls.

This manual was developed by the Ratio Technicians Group and the Department of Revenue in a cooperative effort to provide a resource that is current and comprehensive. Through the efforts of the group, this manual contains the latest standard ratio procedures for use by all counties. This manual is consistent with the guidelines and teachings of the International Association of Assessing Officers (IAAO).

The manual is modified or updated on an ongoing basis. It can be accessed and downloaded at the department's website at [www.oregon.gov/DOR/PTD/ratio\\_manual.shtml](http://www.oregon.gov/DOR/PTD/ratio_manual.shtml).

If you have questions about this manual, please contact an Assessment and Taxation Standards (ATS) field office representative near your county seat.

Oregon Department of Revenue  
Property Tax Division

ATS field office locations:

Bend: 951 SW Simpson Ave, Ste# 100  
Bend OR 97702  
541-388-6153

Eugene: 1600 Valley River Dr, Ste# 310  
Eugene OR 97401  
541-686-7939

Pendleton: 700 SE Emigrant Ave, Ste# 310  
Pendleton OR 97801-2596  
541-276-7811

Salem: 955 Center Street  
Salem OR 97301  
503-945-8585

## Purposes of the ratio study

The purpose of the ratio study is:

- Provide guidance and direction to the assessor towards developing a certified ratio study and ratio report as required by ORS 309.200(A)(B)(C);
- Establish basis for testing of county valuation programs. It will create a source of data that will allow the county assessor and the Department of Revenue to measure results of the valuation programs;
- Provide a resource that demonstrates market-related criteria by which assessors can analyze appraisal and support staff requirements, and workload issues such as: new construction, reappraisal, etc.

## Users of the ratio study

**Data analysts:** Data analysts display and interpret the real market value relative to the real estate market activity within a county, maintenance area, or market area. The assessors and data analysts use the manual as a resource and reference document for the annual presentation to county board of property tax appeals (BOPTA).

**County assessors:** Assessors are responsible for all aspects of the valuation, ratio, and adjustment programs. They may ensure adequate staff is available. Assessors conduct an ongoing supervisory review during the sales year and certify the completed study. They use the manual as a resource tool to determine areas of appraisal need and to develop real market value levels, demonstrating compliance with statutes. In small counties, the assessor may fulfill the task of preparing the ratio study.

**Appraiser/analysts:** Appraiser/analysts use the sales file and ratio study together as key elements in the management of their (determined) valuation area. Sales data will be extracted from the sales file that pertain to each area, and analyzed. Appraiser/analysts check for current real market value (RMV) levels by property class; review extreme ratios for possible errors in appraisals; and identify the need for further stratification of the sales data to determine whether there are separate market influences within the market area that is being measured. Appraiser/analysts also discover and add new sales data or confirmations to the study.

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County governing bodies: County governing bodies use this study to establish potential funding, allowances for community services dependent upon (local) funding (i.e., police, fire, improvement districts, etc.). By statute, the county governing body also receives a copy of the department's findings and recommendations letters sent to each assessor.

Department of Revenue (DOR): DOR conducts reviews of the assessor's ratio programs and ratio reports to ensure compliance with statutory requirements; ensures equitable assessment levels; and monitors counties' valuation programs by applying testing methods for determining appropriate valuation results.

State Legislature: The legislature uses ratio studies to view statewide performance of assessment programs.

State Department of Justice/Tax Court: The state Department of Justice/Tax Court uses ratio studies to establish reference documentation in support of local and statewide valuation appeals.

General public: Ratio studies are a resource document for residential, commercial, and industrial property owners for information regarding applied trends, market activity, sales data source, etc.

## Results of the ratio study

- Maintain 100 percent of RMV as required by ORS 308.232;
- Maintain uniform and equitable values for all classes of property;
- Create a management tool for assessors;
- Establish DOR follow-up on "recommendation" issues. (ORS 309.203);
- Directs appraisal program evaluation (testing results);
- This manual is consistent with the guidelines and teachings of the international association of assessing officers (IAAO).