

1999–00 Summary

The primary goals of Measure 50 were to limit the growth in taxes by using fixed tax rates and to restrict the growth in taxable assessed value. Exhibit 1 summarizes property values and taxes imposed for 1998–99 and 1999–00. Statewide, the real market value of property grew by 8.1 percent from last year, marking the second time in eight years that value growth has been less than 10 percent. Total assessed value—the value of property subject to tax—grew by 6.0 percent. Total taxes imposed grew by 6.9 percent with operating taxes growing by 6.6 percent and urban renewal taxes growing by 1.8 percent. Bond taxes grew by 10.5 percent.

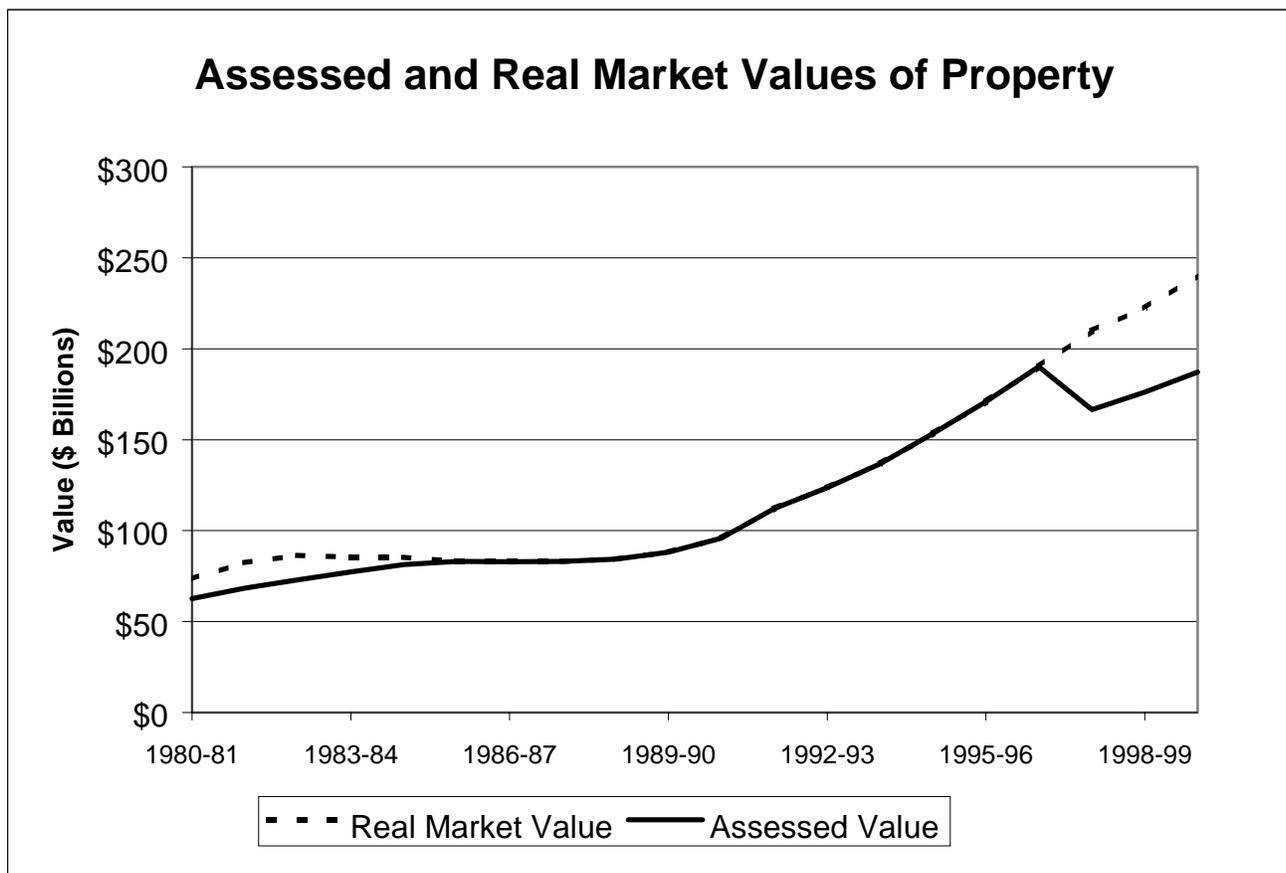
Exhibit 1

SUMMARY OF PROPERTY VALUES AND TAXES IMPOSED			
(Dollars in Millions)			
	1998-99	1999-00	Percent Change
Real Market Value*	\$222,332.0	\$240,311.7	8.1%
Assessed Value**	\$176,089.3	\$186,641.7	6.0%
Operating Taxes	\$2,154.8	\$2,297.0	6.6%
Bond Taxes	\$358.4	\$395.9	10.5%
Total, District Taxes	\$2,513.1	\$2,692.8	7.2%
Urban Renewal Taxes	\$104.8	\$106.7	1.8%
Total, all Taxes	\$2,617.9	\$2,799.6	6.9%

* 1999-00 Real Market Value excludes approximately \$9.3 million in unallocated utilities taxed by the state.
 ** 1999-00 Assessed Value excludes approximately \$9.2 million in unallocated utilities taxed by the state.

Prior to 1997–98, the assessed, or taxable, value of a property in Oregon was equal to its real market value; there was no distinction between the two terms.² Measure 50 redefined each property’s 1997–98 assessed value as 90 percent of the property’s 1995–96 assessed value, thus separating the assessed and real market value for every property. The assessed value for a property is now allowed to grow at a maximum of 3 percent per year. Exhibit 2 shows how total assessed value grew over time through 1999–00. It was flat through most of the 1980s, then grew rapidly from 1989–90 through 1996–97. With the passage of Measure 50, 1997–98 total assessed value fell to 12.5 percent below the prior year and 21 percent below the 1997–98 real market value. For 1999–00, statewide assessed value has fallen to roughly 22 percent below real market value.

Exhibit 2



To fully understand the growth in total assessed value, it is important to understand 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 in 1999–00, the assessed value can increase by no more than 3 percent. 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. 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 increases the value of a piece of land. The growth of 6.0 percent in total assessed value from 1998–99 to 1999–00 is the result of all of these factors combined.

² 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 was returned to 100 percent in 1985.

In addition to taxes from the permanent tax rates, the property tax system under Measure 50 provides for voter-approved local option and bond levies as well as taxes to finance the activities of urban renewal agencies. Exhibit 3 shows the changes in these different types of property taxes for different types of taxing districts. In aggregate, property taxes imposed by taxing districts (excluding urban renewal agencies) increased \$179.7 million, an increase of 9.2 percent over last year. Taxes from the permanent rates grew \$130.0 million, or 6.4 percent. It is important to remember that because total assessed value within the boundaries of a taxing district can grow by more than 3 percent, so can taxes imposed, even though rates are fixed. Local option taxes were another large source of percentage growth. For 1999–00, Oregon voters approved an additional \$10.6 million in local option levies, an increase of 18.1 percent over 1998–99. Bond taxes, too, grew sharply, by 10.5%, from \$358.4 million to \$395.9 million. Urban renewal taxes rose by 1.8 percent, or \$1.9 million, between 1998–99 (\$104.8 million) and 1999–00 (\$106.7 million).

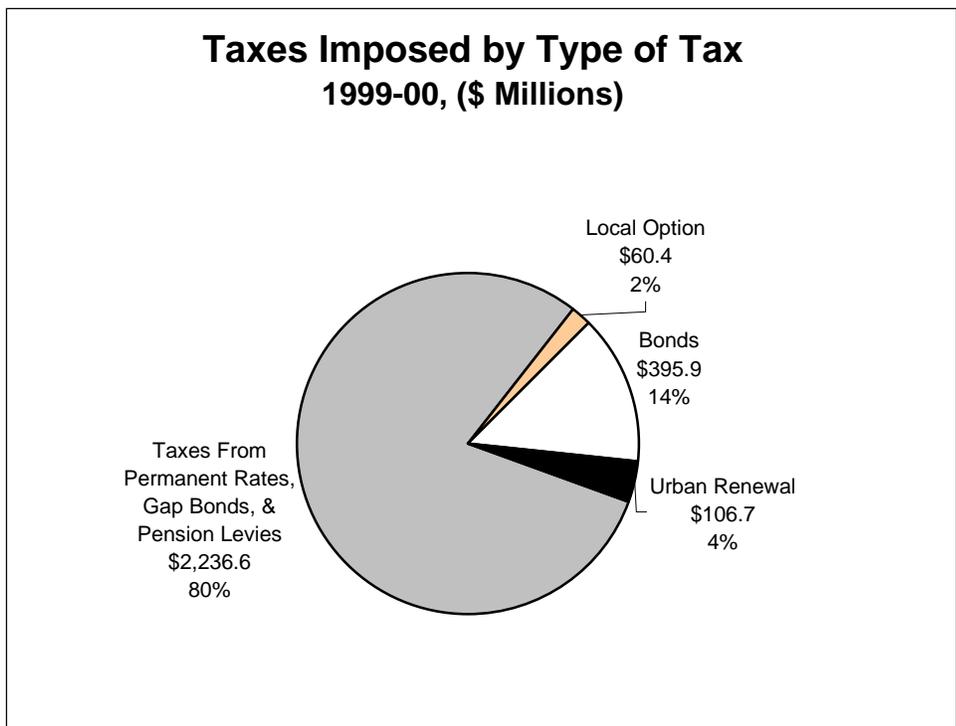
Exhibit 3

TYPE OF PROPERTY TAXES, 1998-99 AND 1999-00												
BY TYPE OF DISTRICT (Millions of Dollars)												
TYPE OF DISTRICT	Perm/Gap/UR			Local Option			Bond			Total		
	1998-99	1999-00	% Chg	1998-99	1999-00	% Chg	1998-99	1999-00	% Chg	1998-99	1999-00	% Chg
Counties	434.2	459.1	5.7%	37.8	38.9	2.9%	42.6	39.0	-8.5%	514.7	536.9	4.3%
Cities	528.8	561.7	6.2%	6.3	14.1	124.0%	44.8	50.1	11.8%	579.9	625.9	7.9%
Schools	925.0	981.4	6.1%	0.0	0.0	0.0%	217.1	251.8	16.0%	1,142.2	1,233.2	8.0%
Special Districts	218.1	234.4	7.5%	4.5	7.4	65.6%	53.8	55.1	2.3%	276.4	296.9	7.4%
Total District Taxes	2,106.2	2,236.6	6.2%	48.6	60.4	24.3%	358.4	395.9	10.5%	2,513.1	2,692.9	7.2%
Urban Renewal Agencies	104.8	106.7	1.8%	0.0	0.0	0.0%	0.0	0.0	0.0%	104.8	106.7	1.8%
TOTAL	2,211.0	2,343.3	6.0%	48.6	60.4	24.3%	358.4	395.9	10.5%	2,617.9	2,799.6	6.9%

Despite growth of 7.2 percent in taxes imposed by districts for 1999–00 over 1998–99, there was roughly \$23.4 million in taxing authority that was not used by taxing districts. Unused permanent rate authority accounted for \$17.9 million while unused local option authority accounted for the remaining \$5.4 million. In 1998–99, 182 of the 1,334 districts (13.6%) with a permanent rate did not use their full authority; 15 of these (1.1%) imposed no taxes. In 1999–00, the number of districts with a permanent rate was 1,337, of which 168 (12.6 percent) did not use their full rate authority. Of these, 15 (1.1%) did not impose any taxes.

Exhibit 4 shows the relative size of each type of property tax for 1999–00. Taxes from permanent tax rates, along with gap bonds and pension levies (which eventually become part of the permanent rate), represent 80 percent of the total. Bond taxes represent the next largest share at 14 percent, urban renewal taxes account for 4 percent, and local option taxes make up the remaining 2 percent. This distribution is nearly identical to the one that existed for 1998–99.

Exhibit 4



To describe the burden property taxes impose, they are often compared to personal income, which is a broad measure of statewide economic activity. Exhibit 5 compares the growth in property taxes since 1958–59 with that of personal income. Prior to 1980–81, property taxes and personal income grew at roughly the same rate. In the following two years, property taxes grew more rapidly than income, but then settled into a pattern of growth similar to the growth in personal income until 1990–91. But over the period 1991–92 to 1995–96, Measure 5 cut property taxes while personal income continued to grow relatively rapidly. With the end of the Measure 5 phase-in in 1995–96, property taxes rose again in 1996–97, but Measure 50 provided an additional tax cut in 1997–98. As a result, property taxes as a share of personal income have declined from 5.8 percent in 1970–71 to 3.0 percent in 1999–00.

Exhibit 5

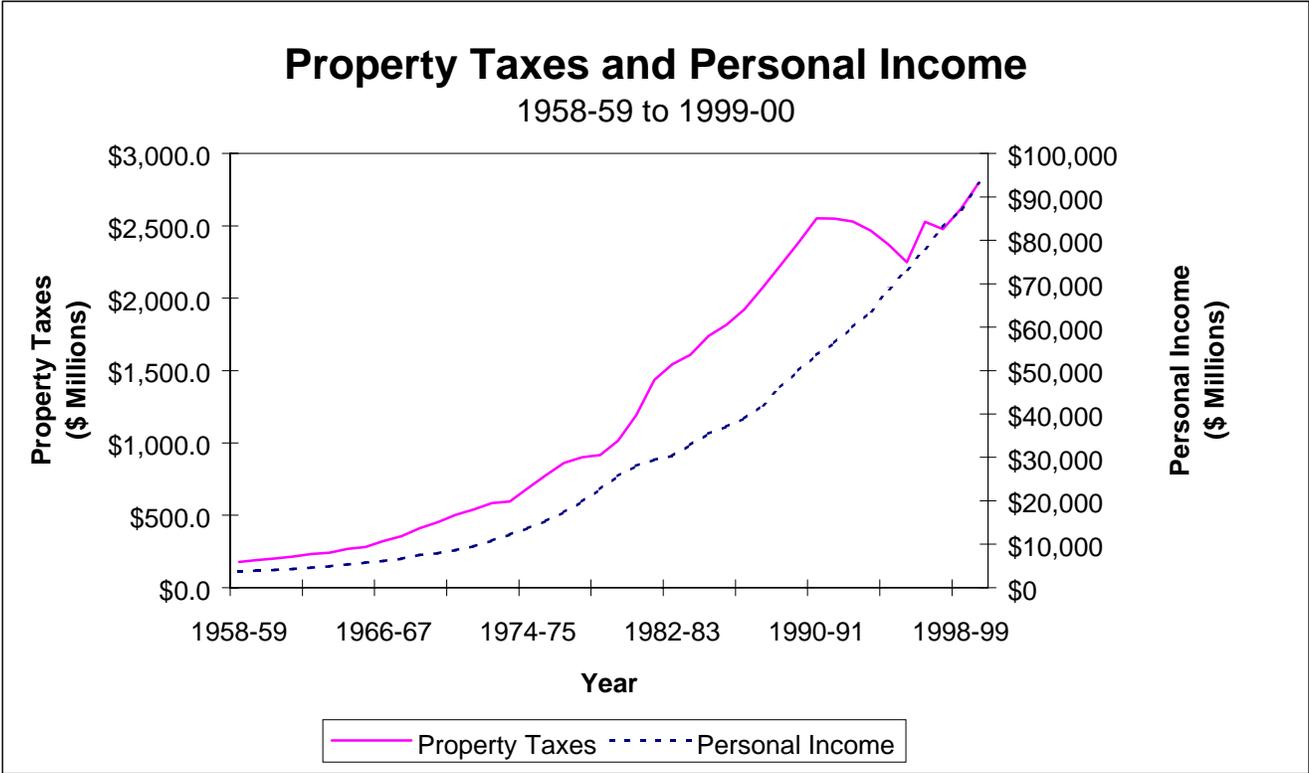
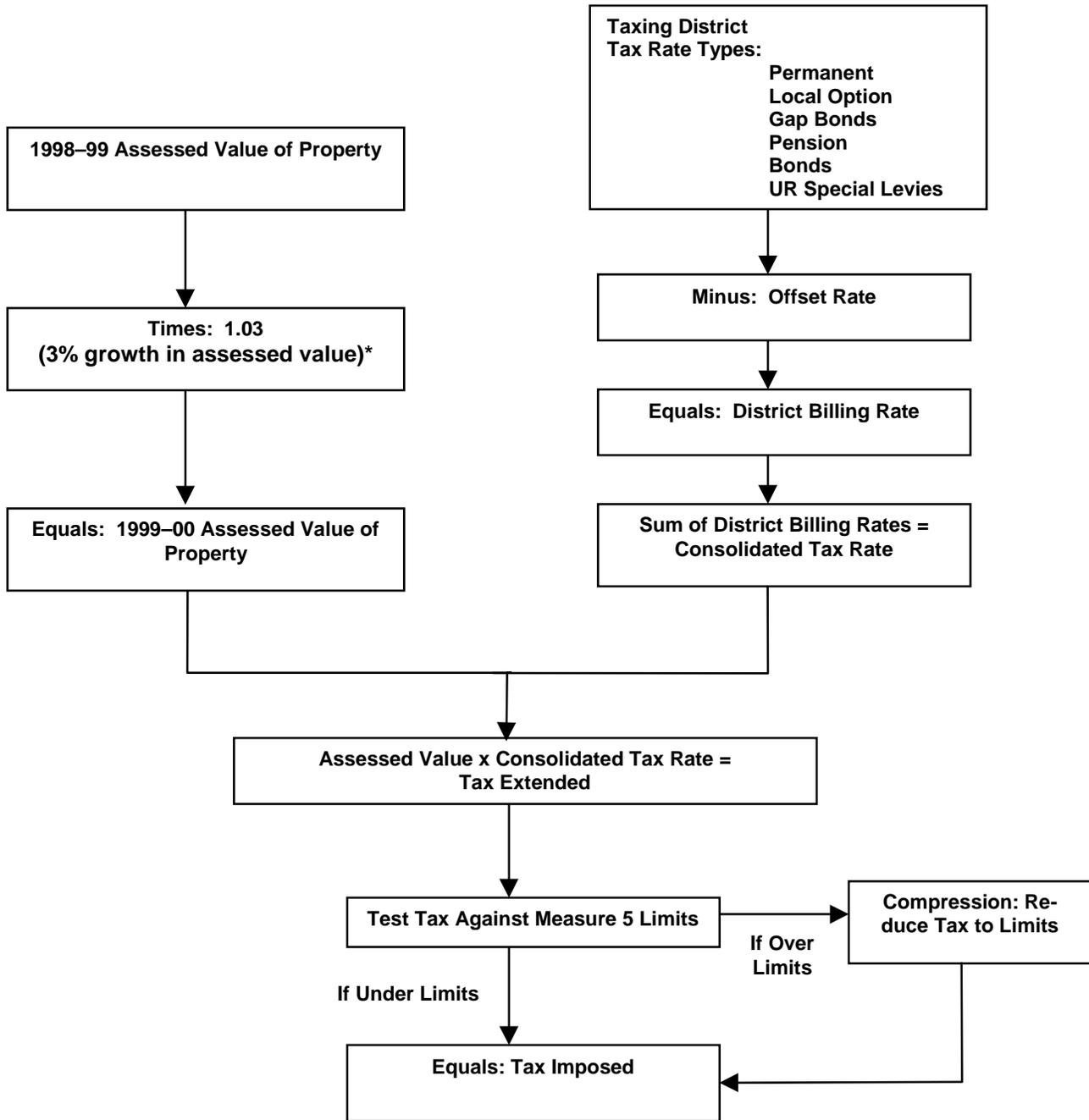


Exhibit 6 on the next page shows the process for determining the property tax bill for an individual property. Note that the steps for calculating the billing rate are done for each taxing district in which a property is located. For example, a home may be located within six taxing districts: a county, 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 times the consolidated tax rate equals the tax extended. The non-bond taxes paid to the K-12, education service, and community college districts are subject to the Measure 5 school limit, while the non-bond 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 is above the respective Measure 5 limit, then the tax is reduced to the limit. In reducing the non-bond tax, the tax for each district is reduced proportionately. The final tax (non-bond tax plus bond tax) is referred to as the tax imposed, and this is the amount the property owner must pay.

Exhibit 6

Property Tax Calculation for an Individual Property



* If improvements were made to the property during 1998, then the assessed value could grow more than 3%.