

## Appendix C: Glossary

**Additional taxes.** Revenues for taxing districts, including penalty upon reclassification, as a result of various statutory provisions:

- **Farmland.** Additional tax and penalty paid when farmland changes use and becomes ineligible for farm-use assessment.
- **Forestland.** Additional tax and penalty paid when forestland becomes ineligible for forestland assessment.
- **Small tract.** Additional tax and penalty paid when land becomes ineligible for Western Oregon Small Tract preferential tax treatment.
- **Open space.** Additional tax and penalty paid when open space land becomes ineligible for preferential tax treatment.
- **Historic property.** Additional tax and penalty paid when property is no longer used as an historic site.
- **Late filing fee.** Penalty amount paid for failure to file a personal property return on time under ORS 308.302.
- **Clerical error.** Additional tax paid as a result of the correction of a clerical error under ORS 311.206.
- **Other.** Other additional taxes and penalties, such as those resulting from a reclassification of an enterprise zone (ORS 285.617) or riparian land (ORS 308.798).

**Arm's-length transaction.** Transaction between an informed buyer and informed seller who are not related or not on close terms, and who are presumed to have roughly equal bargaining power; not involving a confidential relationship.

**Assessed value.** Value of property subject to taxation. Under the provisions of Measure 50, assessed value for the 1997–98 tax year was set at 90 percent of the 1995–96 assessed value for each property in the state. The assessed value for each property is then allowed to grow a maxi-

imum of 3 percent per year, but cannot exceed the real market value of the property.

**Assessment.** The process of identifying and assigning a value to taxable property.

**Average tax rate.** Average rate computed for an area by dividing the taxes imposed in that area by the net assessed value of taxable property.

**Billing rate.** Tax rate expressed in dollars per \$1,000 of property value. For county districts, the billing rate equals the permanent authority district tax rate minus the timber offsets rate. For all other districts, the billing rate and district tax rate should be equal.

**Board of Property Tax Appeals (BoPTA).** County board that hears taxpayer appeals of property assessment. Property owners can file appeals between October 25 and December 31, after they receive their property tax bill. Refunds are granted when appeals are successful. Taxpayers may appeal the BoPTA decision to the Magistrate Division of the Oregon Tax Court.

**Bond levy.** Amount of levies needed to pay principal and interest on district bonded debt.

**Business, housing, and miscellaneous exemptions.** Exempt value of certain business, housing, and miscellaneous other properties that are partially or totally exempt from property taxation. The qualifying exemptions include:

- **Veterans' exemptions.** Exemption applies to the assessed value of homesite and personal property of disabled veterans or their surviving spouses. For 2002–03, the exemption was \$9,570 if income limits were not exceeded. Veterans with service-connected disabilities were eligible for a larger exemption of \$12,750 in 2002–03, regardless of income. Both exemption amounts increase 3 percent per year.
- **Historic property.** Improved property that has been granted a partial exemption due to its historic designation.

- Enterprise zones. Certain business properties within designated enterprise zones that qualify for exemption for a limited number of years, under ORS 285.570 to 285.620. To be eligible, a business must meet several conditions relating to type of business activity and requirements for hiring and investment.
- Commercial facilities under construction. Certain commercial buildings in the process of construction that qualify for exemption from property taxation for not more than two consecutive years, under ORS 307.330 and 307.340.
- All other business, housing, and miscellaneous exemptions. These include alternative energy systems, farm labor camps, fallout shelters, housing for low income rental, multiple-unit housing in core areas, nonprofit homes for the elderly, pollution-control facilities, port and airport property leased, etc.

Centrally assessed property. Taxable property assessed by the Department of Revenue, including electric and communication utilities, rail transportation, air transportation, water transportation, gas pipelines, private railcars, and others.

Changed property ratio (CPR). The ratio of average maximum assessed value to average real market value. This ratio is used in calculating the assessed value of new property improvements and other additions to the tax roll. See Oregon Administrative Rule 150-308.156 for establishing a CPR.

Code area. Geographic unit, established by county assessors and identified by a code number, representing the combination of taxing districts in which a piece of property is located. All properties in a code area pay taxes to the same taxing districts.

Compression. Reduction in taxes required by the Measure 5 property tax rate limits approved in 1990. County assessors calculate compression as a dollar amount, but it also can be expressed as a tax rate. Compression is done on a property-by-property basis.

Consolidated tax rate. Sum of the billing rates of all taxing districts that impose taxes in a given code area. Billing rates are calculated prior to any compression that may result from Measure 5 property tax rate limits.

District. A local government entity that imposes property taxes (e.g. county, city, K-12 school district). A district can include multiple taxing districts and may cross county lines. For example, the City of Portland District includes taxing districts representing the portions of the city that are located in Clackamas, Multnomah, and Washington counties.

District tax rate. Tax rate expressed in dollars and cents per \$1,000 of property value. It is computed by adding together the permanent rate, the local option rate, the gap bond rate, and the bond rate for the district.

Division of tax. The process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship between the frozen base value and the growth of value ("excess value" or "increment") of properties in a particular geographic area.

Effective tax rate. District tax rate expressed in dollars and cents per \$1,000 of property value. It is computed by multiplying 1,000 by a ratio, where the numerator is the total taxes imposed and the denominator is the assessed value of taxable property within the district (i.e., 1,000 times tax imposed divided by assessed value). It is the tax rate after compression.

Equalization. The process of maintaining uniformity of values among property owners and among various classes of property. Measure 50 made equalization unnecessary because it mandated the calculation of assessed value from a base year value with a 3 percent annual growth limit.

Excess value. See urban renewal excess value.

Exempt property. Properties that are not taxed under the property tax system. See public exemptions, social welfare exemptions, and business, housing, and miscellaneous exemptions.

Existing urban renewal plan. Urban renewal plan area that 1) existed in December 1996, 2)

chose an option, and 3) established a maximum amount of indebtedness by July 1998.

Farm use special assessment. Special assessment at less than full assessed value for land primarily used to make a profit in farming. Exclusive farm use (EFU) land is zoned exclusively for farming. Non-EFU land is not zoned EFU, but is and has been farmed for the preceding two years (ORS 308A.068).

Fish and Wildlife. Total assessed value of state Fish and Wildlife Commission property. While not subject to property tax, the commission makes equivalent payments to counties under ORS 496.340.

Forestland special assessment. Special assessment at less than full assessed value of land used for growing timber.

Frozen base value. The assessed value of property within an urban renewal plan area at the time that the plan was created.

Full local option authority. Estimate of the amount of tax that could be levied if a district were to use the full amount of local option levies passed by voters.

Full permanent authority. Estimate of the amount of tax that could be levied if a district were to use its entire permanent rate.

Gap bonds. Principal and interest obligations of districts that are paid for with operating revenues rather than with the proceeds of a bond levy.

Interest. Cumulative interest and penalties collected in 2001–02 for successive years up to June 30, 2002.

Joint district. A taxing district that crosses county lines.

Levy based property tax system. Tax system in which levies are determined by budget needs (which in many cases must be approved by voters), and tax rates are calculated as levies divided by assessed value. The alternative is usually a rate-based system in which tax rates are set by law or by voters, and levies are calculated as rates times assessed value. Under Measure 50, Oregon's tax system is predominately a rate-based system.

Local option levies. Property tax levies for operating purposes beyond the revenues generated by permanent tax rates. Local option levies must be approved by voters in a general election or an election that has at least 50 percent voter participation.

Locally assessed property. Taxable property assessed by county assessors, including real property, personal property, and manufactured structures carried on a separate roll.

Manufactured structures. Total assessed value of all manufactured structures, less the amount of veterans' exemptions applied to manufactured structures. Manufactured structure has the meaning given in ORS 801.333.

Market value. See real market value.

Measure 5. Constitutional tax rate limitations passed by voters in November 1990, which can be found at Article XI, Section 11b of the Oregon Constitution. Measure 5 limited school taxes to \$15 per \$1,000 of assessed value and nonschool taxes to \$10 per \$1,000 of assessed value starting in 1991–92. The school limit fell by \$2.50 per \$1,000 each year until it reached \$5 per \$1,000 in 1995–96. The nonschool limit remains at \$10 per \$1,000. Levies to pay bond principal and interest for capital construction projects are outside the limitation. The Measure 5 rate limits still apply under the provisions of Measure 50, passed in 1997, but now apply to real market value.

Measure 50. Measure 50 is a legislatively-referred measure drafted to correct technical problems with Measure 47, a tax cutting citizens' initiative passed in 1996. For 1997–98, Measure 50 reduced the assessed value of every property to 90 percent of its 1995–96 assessed value. Measure 50 then limited the annual growth in assessed value of existing property to 3 percent. In addition, Measure 50 led to the replacement of most levies with permanent tax rates.

Metropolitan Statistical Area (MSA). Areas that have been designated by the U.S. Office of Management and Budget as metropolitan. A MSA has at least one urban area of 50,000 people or more, plus adjacent territory that has a high degree of economic and social integration with the nucleus. Oregon has the following MSAs:

- Bend MSA: Deschutes County.

- Corvallis MSA: Benton County.
- Eugene-Springfield MSA: Lane County.
- Medford MSA: Jackson County.
- Portland-Vancouver-Beaverton MSA: Clackamas, Columbia, Multnomah, Washington, and Yamhill counties. Clark County and Skamania counties in Washington are also part of this MSA, but they are not included in information reported in this book.
- Salem MSA: Marion and Polk counties.

Mobile homes. See manufactured structures.

Net assessed value. Value used to calculate district tax rates for dollar levies. It is total assessed value plus nonprofit housing value and state fish and wildlife value, less urban renewal excess value used.

Net for collection. Total tax for collection minus total credits.

Nonprofit housing. Total assessed value of property removed from the roll for nonprofit housing purposes. This property consists of land and improvements owned by nonprofit corporations to provide permanent housing, recreational and social facilities, and care to elderly persons. Under ORS 307.244, qualifying property receives a funded exemption from the property tax, but the county receives an equivalent payment from the state.

Operating taxes. Taxes from the permanent rates that are used to fund the general operating budgets of the taxing districts.

Percent cumulative uncollected taxes. Total cumulative uncollected taxes as a percent of the total for collection.

Percent uncollected, FY 2001–02. Total uncollected taxes FY 2001–02 as a percent of the total for collection FY 2001–02.

Permanent tax rates. Permanent taxing authority for each taxing district, expressed as a rate per thousand dollars of assessed value. This rate is the maximum rate a district may use without approval by voters; districts may use any rate below this maximum.

Personal property. Total assessed value of personal property, including machinery, equipment,

and office furniture. Unless otherwise specified, the value is net of veterans' exemptions applied to personal property. Beginning in 1997–98, most personal property accounts of less than \$10,000 in value, excluding personal property manufactured structures, were not required to pay property tax and were not included in assessed value. Beginning with the 2002–03 fiscal year, the limit goes up to \$12,500 and is indexed from that point forward.

Plan area. See urban renewal plan area.

Public exemptions. Property owned by federal, state, or local governments (including counties, cities and towns, and school districts) is generally exempt from property taxation. This includes all public or corporate property used or intended for use for corporate purposes of local governments and all public or municipal corporations in the state. When such property is leased to a private party, the leased portion generally becomes taxable.

Public utility. Property described under *centrally assessed property* (ORS 308.515).

Real market value. Minimum value a property will sell for during the tax year in an arm's-length transaction.

Real property. Total assessed value of real property, including land, buildings, structures, and improvements. Unless otherwise specified, this value is net of veterans' exemptions applied to real property. The following property classes are included within real property:

- Commercial land. Unimproved property that has commercial use as its highest and best use.
- Commercial property. Improved property that has commercial use as its highest and best use.
- Farm and range property. Land or land and buildings with a highest and best use of the production of agricultural crops, feeding and management of livestock, dairying, any other agricultural or horticultural use, or any combination thereof.

- Farm and range zoned property. Land or land and buildings located within an exclusive farm-use zone assessed as farm-use land.
- Farm and range unzoned property. Land or land and buildings assessed as unzoned farmland.
- Forestland and forest property. Consists of land with a highest and best use of growing and harvesting trees of a marketable species, and land that has been designated as forestland.
- Industrial land. Unimproved property that has industrial use as its highest and best use.
- Industrial property. Improved property that is a single plant or a complex of properties engaged in manufacturing or processing a product. The appraisal of this property can be either Department of Revenue or county responsibility.
- Multiple housing land. Unimproved property that has multiple housing use (five living units or more) as its highest and best use.
- Multiple housing property. Improved property that has multiple housing use (five living units or more) as its highest and best use.
- Recreation land. Unimproved property that has recreational use as its highest and best use.
- Recreational property. Improved property that provides recreational opportunities as its highest and best use.
- Residential land. Unimproved property that has residential use as its highest and best use.
- Residential property. Improved property that has residential use as its highest and best use.
- Tract land. Unimproved acreage with a highest and best use other than farm, range, or timber production.
- Tract property. Improved acreage with a highest and best use other than farm, range, or timber production.

Social welfare exemptions. Assessed value of properties owned by private organizations and

used for educational, religious, or developmental purposes. These properties are exempt from property tax. The qualifying property classes include:

- Fraternal organizations. All real or personal property that is occupied or used in fraternal works or for entertainment and recreational purposes by nonprofit corporations or social clubs (ORS 307.136).
- Literary and charitable. All property owned by unincorporated literary, benevolent, charitable, or scientific institutions (ORS 307.130).
- Religious organizations. All houses of public worship and other buildings and property used solely for administration, education, or entertainment by churches or religious organizations (ORS 307.140).
- Burial grounds. All burial grounds, tombs, lands, and buildings, not exceeding statutory acreage limits, owned and occupied by any crematory or cemetery associations (ORS 307.150).
- All other social welfare. Includes private schools and day care facilities, public libraries privately owned, senior centers privately owned, etc.

Special levy. See urban renewal special levy.

Specially assessed property. Property that is assessed at less than its full value. See, for example, farm use special assessment and forestland special assessment.

Supervisory orders. Orders to the counties from the Department of Revenue to correct the values of centrally assessed utility accounts on the tax rolls. These orders are related to corrections in valuations, not appeals.

Taxable value. See assessed value.

Taxes added to rolls. Additional taxes generated when a final order is entered in an appeal, other omitted property is included, or error corrections are made.

Tax collection FY 2001–02. Sum of advance collections and tax collectors' collections certified for FY (fiscal year) 2001–02.

**Tax extended.** Amount of tax to be paid by taxpayers before the Measure 5 rate limits are applied. If, for an individual property, taxes exceed the limits, then the taxes for that property are reduced to the limits.

**Tax imposed.** Taxes due to be paid by taxpayers after the Measure 5 rate limits have been applied. For individual properties, the tax imposed always will be less than or equal to the tax extended.

**Tax increment financing.** A financial tool designed to tax the increases in property value that occur over time in a specific geographic area. Given the frozen base value of the property at the time such a plan is established, any growth in value ("excess value") is taxed to raise revenue.

**Tax increment revenue.** Revenue raised from taxing the growth in value ("excess value" or "increment") of properties in a given geographic area.

**Taxing district.** The portion of a district that exists within a single county.

**Tax limit category.** Under the 1990 Measure 5 constitutional property tax limitation, taxes are divided into three categories: 1) inside the general government limit, 2) inside the education limit, and 3) outside the limit. All taxes, other than bond levies for capital construction, that are used for nonschool purposes fall inside the general government limit of \$10 per \$1,000 of assessed value. All taxes, other than bond levies, that are used for education purposes fall inside the education limit of \$5 per \$1,000 of assessed value. All bond levies used for capital construction fall outside the limit. Of the current types of levies, permanent rate, local option, gap bond, and pension levy taxes are subject to the limitations. Bond levies are outside the limit.

**Timber offset.** Amount of revenue county districts received from the timber privilege tax. This revenue reduced, by an equal amount, the money these districts received from the property tax. School districts also received revenue from the timber privilege tax, but it did not offset their property taxes.

**Timber offset rate.** Timber offset amount expressed in dollars per \$1,000 of property value.

**Total amount certified.** Amount of taxes charged by the tax collector as certified by the assessor and authorized by the county clerk. The total includes taxes on real property, personal property, manufactured structures, and public utilities. The amount reported by counties generally includes taxes relating to special assessments and in-lieu payments for fish and wildlife property and nonprofit housing property.

**Total assessed value.** Sum of assessed values of all taxable properties on the roll.

**Total credits.** Includes discount allowed for prompt payments, personal property taxes canceled by order of county clerk, real property foreclosures, and other corrections or cancellations.

**Total cumulative uncollected taxes.** Difference between the net for collection and the total tax collections for all years up to June 30, 2003.

**Total for collection.** Sum of the total amount of certified, uncollected taxes, and taxes added to rolls.

**Total levy.** Total levy submitted by the district, including the local option levy and the levy for bonded indebtedness.

**Total taxes collected.** Taxes collected by the tax collector during the fiscal year ending June 30, 2003. Tax collections are reported separately from interest and penalty collections.

**Total uncollected taxes, FY 2001-02.** Difference between the net for collection and the tax collection for FY 2001-02.

**Unallocated utilities.** Small, private railcar companies that pay property taxes to the state. These taxes are distributed by the state to county governments.

**Uncollected balance.** Cumulative amount of unpaid taxes as of July 1, 2003.

**Urban renewal.** A state-sanctioned program designed to help communities improve and redevelop areas that are physically deteriorated, unsafe, or poorly planned.

Urban renewal agency. Entity responsible for administering urban renewal programs. Urban renewal agencies can be organized by city governments or county governments. They oversee activities in urban renewal plan areas. An urban renewal agency can administer multiple plan areas.

Urban renewal excess value. Total assessed value of property in urban renewal plan areas in excess of the base assessed values when the plan areas were established. This is also called the “increment”.

Urban renewal option. Funding option that the urban renewal plan uses. Only “existing” plan areas could choose option 1, 2, or 3 (see *existing urban renewal plan* above). Plan areas that are not “existing” raise revenue as described under “Other” below.

- Option 1 plan areas receive full division of tax revenue from all levies except local option and bond levies passed after October 6, 2001. A special levy on all taxable property in the municipality may be used to reach the plan area’s maximum revenue authority.
- Option 2 plan areas cannot receive division of tax revenue but a special levy may be used to raise revenue up to the plan area’s maximum revenue authority from properties in the municipality.
- Option 3 plan areas had their revenue from division of tax limited when the option was selected. These plan areas receive division of

tax revenue up to their limit and may impose a special levy on all taxable property in the municipality up to their maximum revenue authority.

- Other plan areas that did not select an option but were adopted before October 6, 2001, raise division of tax revenue from all levies but cannot use a special levy. Other plans that were adopted after October 6, 2001, must exclude local option and bond levies passed after October 6, 2001, when calculating division of tax revenue; they also cannot use a special levy.

Urban renewal plan area. Geographic area in which urban renewal activity takes place. It is the “excess” value in urban renewal plan areas that determines the amount of tax to raise for urban renewal agencies.

Urban renewal shared value. The assessed value of property that is both (A) within the district that covers part of a plan area, and (B) within the boundaries of the urban renewal agency. It also includes portions of a district that are within a plan area but outside the area of the urban renewal agency. Property owners within the shared value area may have part of their taxes allocated for urban renewal rather than for their tax districts.

Urban renewal special levy. Levy imposed by an urban renewal agency if the amount of revenue raised from excess value is below its revenue raising authority.