

Oregon Property Tax Statistics

Fiscal Year 2007-08



150-303-405 (Rev. 3-18)

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Oregon Property Tax Statistics

Fiscal Year 2007-08

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Table of Contents

- I. INTRODUCTION 1
- II. OVERVIEW AND HIGHLIGHTS 2
- III. GUIDE TO USING THE DATA..... 8
- IV. DETAILED TABLES
- Values and Taxes Imposed**
- A.1 Real Market and Net Assessed Value of Property, Property Tax Imposed, and Average Tax Rate by Type of Taxing District.....10
- A.2 Real Market and Net Assessed Value of Property, Property Tax Imposed, and Average Tax Rate by County11
- A.3 Summary of Total Assessed Value of Locally Assessed Property by County and Property Type12
- Assessed Values by Property Class**
- B.1 Summary of Total Locally Assessed Value14
- Taxes from Rates and Taxes Imposed**
- D.1 Full Taxing Authority, and Type of Property Tax Extended by Type of Taxing District16
- D.2 Full Taxing Authority, and Type of Property Tax Extended by County17
- D.3 Tax Extended, Tax Imposed, and Reductions Due to Measure 5 Rate Limits by Type of Taxing District and Limit Category18
- D.4 Tax Extended, Tax Imposed, and Reductions Due to Measure 5 Rate Limits by County and Limit Category19
- Change in Tax Imposed by Limit Category, Type of Taxing District, and County**
- E.1 Change in Taxes Imposed by Limit Category and Type of Taxing District20
- E.2 Change in Taxes Imposed by Limit Category and County21
- E.3 Growth in Tax Imposed by Levy Category and Type of Taxing District.....22
- E.4 Growth in Tax Imposed by Levy Category and County.....23
- Urban Renewal**
- F.1 Urban Renewal Frozen Base Value, Excess Value Used, and Authority by Urban Renewal Plan Area25

Property Tax Collections Summary

G.1 Property Tax Certified, Property Tax Collection, and Total Cumulative
Uncollected for All Years as of June 30, 2007 by County30

G.2 Property Tax Certified, Property Tax Collection, and Total Uncollected
FY 2006-07 by County.....31

APPENDIX A: A Brief History of Oregon Property Taxation.....32

APPENDIX B: Glossary42

List of Exhibits

Exhibit 1 Summary of Oregon Property Values and Taxes Imposed..... 2

Exhibit 2a 2007-08 Property Taxes Imposed by Type of District 3

Exhibit 2b 2007-08 Property Taxes Imposed by Type of Tax 3

Exhibit 3 Type of Property Taxes Imposed by Type of District..... 4

Exhibit 4 Assessed and Real Market Values of Property in Oregon..... 5

Exhibit 5 Property Taxes Imposed 1967-68 to 2007-08 6

Exhibit 6 Property Taxes as Share of Oregon Personal Income 6

Introduction

Oregon's property tax system is one of the most important sources of revenue for the public sector in Oregon. This source raised nearly \$4.5 billion for local governments in fiscal year 2007-08. Only state personal income tax collections exceed property tax collections as a source of state and local tax revenue. Since 1990, property tax revenues have been limited because of two tax calculation changes. Since the last limitation went into effect in 1997-98, property tax revenues have gradually increased each year.

The subsequent tables describe Oregon's property tax system through the presentation of statistical information. Specifically, it presents assessed values, market values, and taxes imposed by county and type of taxing district. In addition, the publication contains a brief description of how Oregon's property tax system has changed since 1990 and how it currently works.

This document contains four sections:

- The Overview and Highlights section makes observations about distinguishing features of fiscal year 2007-08 and recent trends in Oregon's property tax system.
- The Guide to Using the Data section explains how certain data elements are handled in the tables. This guide is provided both to clarify some subtle features of the property tax system that may appear inconsistent and to point out some data limitations.
- The Detailed Tables section provides tables of property values and taxes imposed, by both county and type of district. Taxes collected and uncollected are also included by county.
- Finally, the two appendices contain a description of changes to the property tax system over the last decade (Appendix A), and a glossary of terms used in the publication (Appendix B).

The information in this book is presented primarily at the county or district-type level. Information about property tax exemptions can be found in the *State of Oregon 2009-11 Tax Expenditure Report*.

In an effort to provide as much useful information as possible, we have included tables with missing data. Where data were missing, the gaps are clearly identified. Totals are included only where we have complete data for all 36 counties. In some cases, certain data discrepancies could not be resolved. The Guide to Using the Data section provides further discussion.

Overview and Highlights

Statewide Taxes Imposed and Property Values

Property taxes imposed in Oregon totaled nearly \$4.5 billion in fiscal year 2007-08, an increase of 9.6 percent from 2006-07. This follows an increase of 4.6 percent for fiscal year 2006-07, and 3.6 percent for fiscal year 2005-06. The increase in revenue for 2007-08 can be attributed primarily to growth in assessed property values and new construction, and increases in local option and bond revenues.

The total real market value of property in Oregon was \$501.1 billion, an increase of 15.4 percent from the previous year. This growth rate continues the trend of increasing property values. The counties reporting the highest growth rates in real market value for 2007-08 were: Crook (48.6 percent), Wasco (42.2 percent), Deschutes (30.1 percent) and Tillamook (25.6 percent).

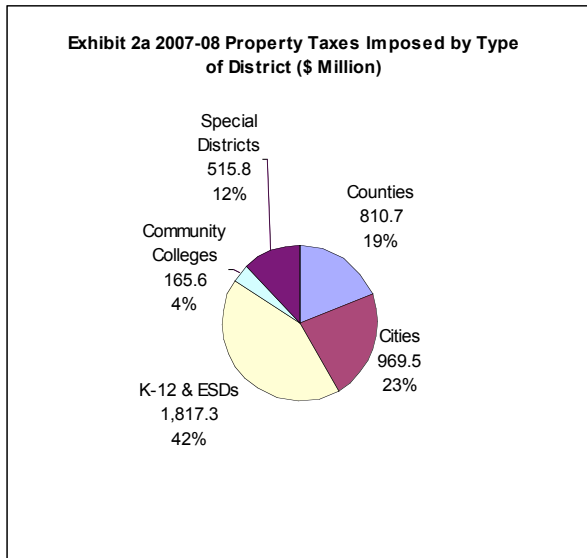
Exhibit 1 Summary of Oregon Property Values and Taxes Imposed (\$ million)			
	2006-07	2007-08	Percent Change
Real Market Value	434,293.4	501,124.9	15.4%
Total Assessed Value	265,218.9	280,453.8	5.7%
Net Assessed Value	257,373.8	271,355.3	5.4%
Operating Taxes	3,314.9	3,582.9	8.1%
Bond Taxes	597.7	696.1	16.5%
Total District Taxes	3,912.6	4,279.0	9.4%
Urban Renewal Taxes	164.8	191.5	16.2%
Total all Taxes	4,077.4	4,470.4	9.6%

Growth in total assessed value, the value subject to tax, was also strong relative to recent growth. In fiscal year 2007-08, total assessed value increased by \$15.2 billion to \$280.4 billion, an increase of 5.7 percent. Assessed values are generally limited to 3 percent growth per year, so this increase indicates considerable additional value from property improvements, new construction, and exceptions to compensate for properties with declining assessed values. See the Historical Context description for more on assessed value. Assessed value of residential property represents 52 percent of overall property value (this rises to 60 percent when tract property available for development is included). Western Oregon counties represent more than 86 percent of overall statewide assessed value (over all property classes), with three Portland area metropolitan counties (Multnomah, Washington, and Clackamas) responsible for 52 percent of the value in western Oregon.

Statewide, strong growth in real market values caused the ratio of assessed value to market value to decline by .3 percentage points to 60.8 percent in 2007-08. For a discussion of the differences between assessed and market value, see Appendix A: A Brief History of Oregon Property Taxation.

Taxes by Type of District and by Type of Tax

The accompanying charts illustrate the composition of taxes imposed for 2007-08 by type of district and by type of property tax. Please refer to the Glossary for definitions of terms.

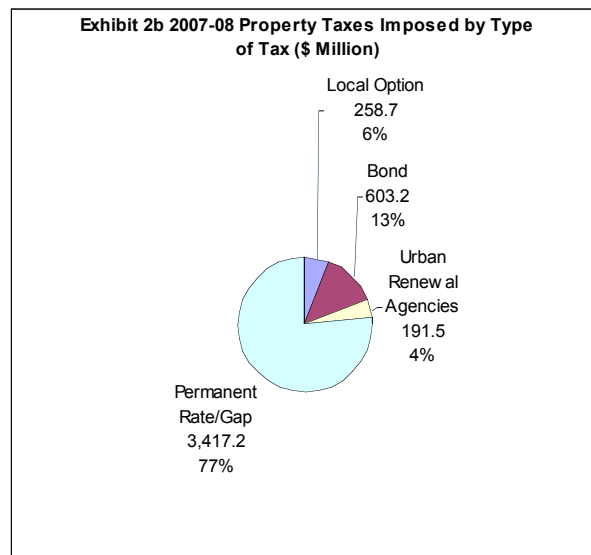


Type of District

More than 1,200 districts impose property taxes in Oregon. The accompanying chart illustrates the relative share of property taxes that each type of district imposes, with schools receiving the largest share of property tax revenue (42 percent of the total). Cities (23 percent) and counties (19 percent) are the next largest district categories. Special districts, such as fire, road, water, hospital, park, and port districts represent the largest number of districts, but they only imposed 12 percent of the taxes.

Type of Tax

Property taxes are composed of four primary parts: 1) permanent rate and gap bond levies, 2) local option levies, 3) bond levies, and 4) urban renewal revenues. Taxes from permanent rate and gap bond levies are the most significant portion of property taxes, representing 77 percent of all property taxes imposed, down from 78 percent in 2006-07. The shares from other sources remained basically unchanged from the previous year.



Type of District	Permanent Rate/Gap			Local Option			Bond			Total		
	2006-07	2007-08	% CH	2006-07	2007-08	% CH	2006-07	2007-08	% CH	2006-07	2007-08	% CH
Counties	639.5	673.6	5.3%	64.6	93.1	44.2%	42.4	44.0	3.7%	746.5	810.7	8.6%
Cities	803.4	854.5	6.4%	65.4	56.4	-13.7%	51.7	58.6	13.4%	920.5	969.5	5.3%
K-12 & ESDs	1,278.5	1,349.1	5.5%	35.7	80.6	125.9%	325.9	387.6	18.9%	1,640.0	1,817.3	10.8%
Community Colleges	117.2	123.8	5.7%	0.0	0.0	NA	44.1	41.8	-5.3%	161.3	165.6	2.7%
Special Districts	367.6	416.2	13.2%	27.3	28.5	4.3%	49.3	71.2	44.4%	444.2	515.8	16.1%
Total District Taxes	3,206.3	3,417.2	6.6%	193.0	258.7	34.0%	513.4	603.2	17.5%	3,912.6	4,279.0	9.4%
Urban Renewal Agencies										164.8	191.5	16.2%
Total										4,077.4	4,470.0	9.6%

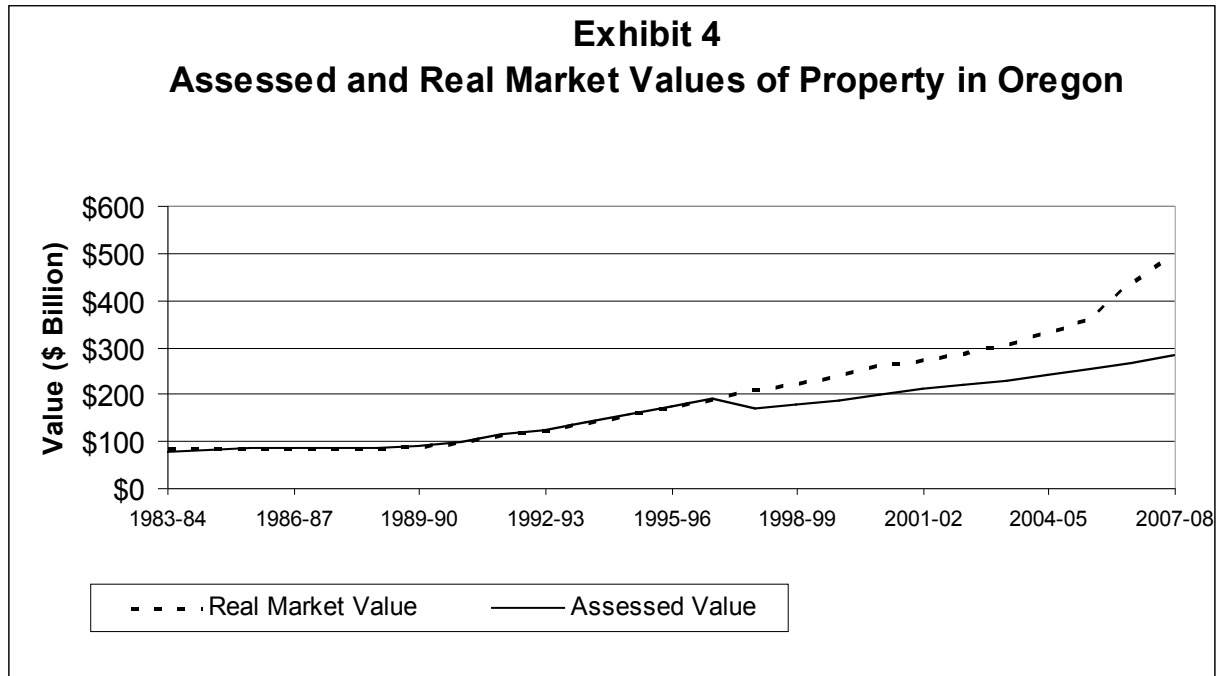
Exhibit 3 summarizes some of the changes in property taxes in fiscal year 2007-08. These include:

- Total property taxes grew by 9.6 percent in the most recent fiscal year, an increase from last year's growth rate of 4.6 percent.
- Combined taxes imposed from permanent rates and gap bond levies grew by 6.6 percent in fiscal year 2007-08.
- Local option taxes grew by 34 percent during the last year.
- Bond revenues, the primary funding for capital projects, increased by 17.5 percent.
- Taxes for urban renewal increased 16.2 percent in fiscal 2007-08, after increasing by 7.6 percent in 2006-07. Seventy-six urban renewal plan areas increased the amount of revenue they received in 2007-08, while eight plan areas raised less revenue than the previous year. Eleven new plan areas were added in 2007-08. New plan areas are located in Clackamas, Douglas, Jackson, Lane, Lincoln, Marion, Multnomah, Tillamook, and Washington counties. See table F.1 for more information about specific plan areas.
- When property tax rates exceed Measure 5 limitations, imposed tax rates are reduced ("compressed") to conform to these requirements. The amount by which tax revenue is reduced on a property is called "compression loss." Because Measure 5 limitations are based on real market value, compression loss has declined in recent years as increases in real market value have exceeded increases in assessed value. In 2007-08, compression reduced property taxes extended by all districts in Oregon by \$53 million. This is 8.6 percent more than the \$48.8 million reduction in 2006-07 and 6 percent less than the \$56.2 million reduction in 2005-06.
- Nearly all compression loss was in three types of districts: K-12 school districts (\$22.9 million), city districts (\$14.6 million), and county districts (\$12.4 million).

Please note that statewide figures result from a wide range of individual district characteristics. For example, several hundred districts did not impose taxes in fiscal year 2007-08. These were mostly road, water, sanitary, or service districts. When large districts have substantial changes in their taxes, they can noticeably impact the statewide numbers.

Historical Context

Prior to 1997-98, the assessed or taxable value of a property in Oregon was equal to its real market value, except for a brief period in the early 1980s.¹ For 1997-98, Ballot Measure 50 redefined each property's assessed value as 90 percent of the property's 1995-96 assessed value, thus separating the assessed and real market value for every property. In addition, Measure 50 limited growth in assessed value to 3 percent per year. Exhibit 4 shows total assessed value growth from 1983-84 to 2007-08. Growth in real market values has exceeded growth in assessed values every year since the passage of Measure 50, but the process has accelerated in recent years.



To understand the growth in total assessed value, it is important to know 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 that has remained unchanged, the assessed value increases by no more than 3 percent per year. 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. Some other sources of new value include improvements, in which an addition to a house significantly increases the home's value, or rezoned property, in which a change in zoning laws could increase the value of a property more than 3 percent in the year that the change took place.

¹ 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 returned to 100 percent in 1985.

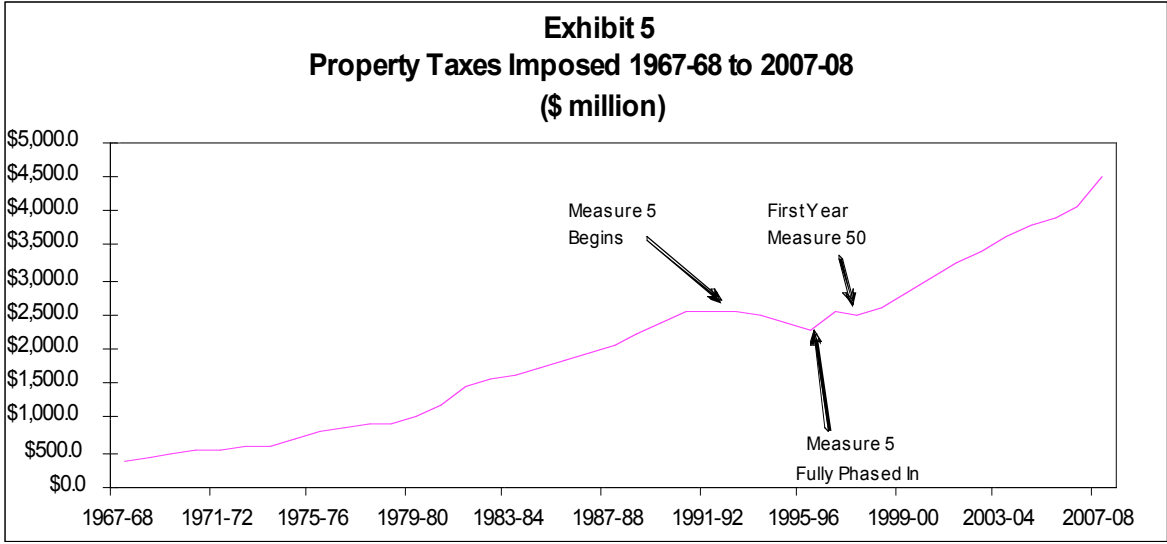
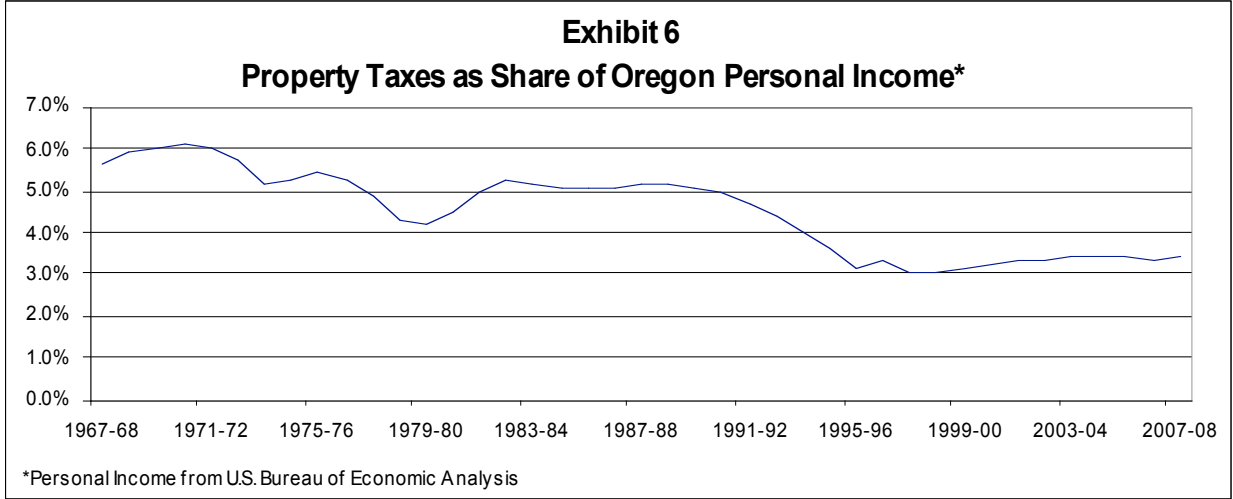


Exhibit 5 displays the trend in Oregon property taxes imposed. The chart reveals several distinct periods. After modestly increasing into the mid-1970s, property taxes grew more rapidly through the early 1990s. In 1990, voters passed Measure 5, which enacted constitutional tax rate limitations. These limitations resulted in annual declines in taxes imposed through 1995-96. Taxes in 1996-97 increased with assessed values, but continued to be restricted by the Measure 5 limitations. Measure 50's limits caused imposed taxes to fall again in fiscal year 1997-98. Since 1997-98, taxes imposed have been increasing, but are at lower levels than they would have been without the limitations. Property taxes imposed have grown an average of about 6 percent per year since 1997-98, compared to about 8 percent growth per year during the 1980s.



To understand the burden of property taxes on taxpayers, it is helpful to look at taxes in relation to personal income, which is a broad based measure of statewide economic activity. Exhibit 6 shows the share of Oregon personal income that property taxes represent. The combination of increasing personal income during the 1990s and restrictions on property

taxes as a result of the two ballot measures resulted in a decline in the share of income represented by property taxes. This percentage decreased from more than 5 percent in the 1980s to approximately 3 percent in the late 1990s. The gradual increase from 1998-99 to 2003-04 was due to slower income growth and continuing increases in property taxes. In 2007-08, property taxes increased slightly in relation to personal income.

How Property Taxes are Determined for an Individual Property

The steps for calculating the billing rate are done for each taxing district in which a property is located. Most property in Oregon is located within 5-10 taxing districts. Each of these districts will have a billing rate, and the sum of these rates will equal the consolidated tax rate for the home. The assessed value of the home multiplied by the consolidated tax rate results in the tax extended.

Bond levies are excluded when computing the Measure 5 limits. All other taxes extended by K-12, education service, and community college districts are compared to the Measure 5 school limit of \$5 per thousand of real market value, while taxes extended by all other districts including urban renewal levies are compared to the Measure 5 general government limit of \$10 per thousand in real market value.

If either the school or general government taxes extended exceed the calculated Measure 5 limits, then each relevant billing rate is reduced proportionally (compressed) to the Measure 5 limit. Local option rates get compressed first, to zero if necessary, before reducing other tax rates.

After any compression of tax rates, the resulting amount of tax (non-bond tax plus bond tax) is referred to as the tax imposed. This is the amount the property owner must pay.

Guide to Using the Data

This publication presents information about assessed and real market values and taxes imposed under Oregon’s local property tax system. Because this tax system is complex, we provide this guide to help readers understand the meaning of the data. In some cases, similar concepts may be reported differently from one table to another to reflect certain characteristics of the property tax system. In other cases, the use of different sources results in slight data variations across tables.

Data Sources and Discrepancies

The 36 Oregon county assessor offices provide all data except for the permanent rates and values for centrally assessed property. There are occasional discrepancies in the tables as a result of inconsistencies in the data reported by counties. Rather than letting these data problems prevent the publication of available information, we attempt to provide available information as clearly as possible. Because this publication is designed to be a description of the property tax system using true and correct figures, we generally have not included estimates when actual data were unavailable.

The data issues can be grouped into two categories: missing data and inconsistent data. Missing data are the result of counties being unable to provide the requested information. The most notable of these cases pertains to property values by property class (residential, commercial, etc.).

Assessed Value

Both total and net assessed values are reported within this document. The difference between these two values lays in the treatment of state fish and wildlife property, nonprofit housing property, and urban renewal excess values. Table A.3 shows both the total and net assessed values, and how they relate to one another. Net assessed value is used in calculating tax rates, and for calculating taxes imposed for taxing districts. It is calculated by adding nonprofit housing values and state fish and wildlife values to total assessed value, then subtracting urban renewal excess value. Both state fish and wildlife property and nonprofit housing property values are added to total assessed value, because the state makes payments instead of property taxes on these properties. Net assessed value does not include urban renewal excess value, because property tax revenues from excess value go to urban renewal agencies instead of tax districts. See Appendix A for more on urban renewal financing.

Taxes Extended and Imposed

Urban renewal revenues generally are not included in the tax extended or tax imposed figures in the detail tables. However, they are included in the Introduction and Overview and Highlights sections, and in table F.1.

Table Changes and Clarifications:

- A.1–A.2 Districts are counted once, even if they cross county borders. In addition, districts with multiple levies having different boundaries (such as bond pockets, annexes, or phase-ins), are counted as separate districts.

- D.1-D.2 'Tax to Extend' means the amount of district tax calculated for extension to accounts. It does not include the effects of individual account rounding or tax reductions to meet constitutional limitations.
- D.3-D.4 These tables report tax actually extended to accounts, along with tax imposed, and the loss due to tax limitations.