

Summary

The two primary goals of Measure 50 were to cut taxes and to limit their future growth. While the tax reductions in the first year, 1997–98, were not as large as many taxpayers anticipated, Measure 50 did cut taxes compared to the prior year for most properties in the state. The 3 percent growth limit on assessed value means that property taxes will grow in a relatively slow, predictable way.

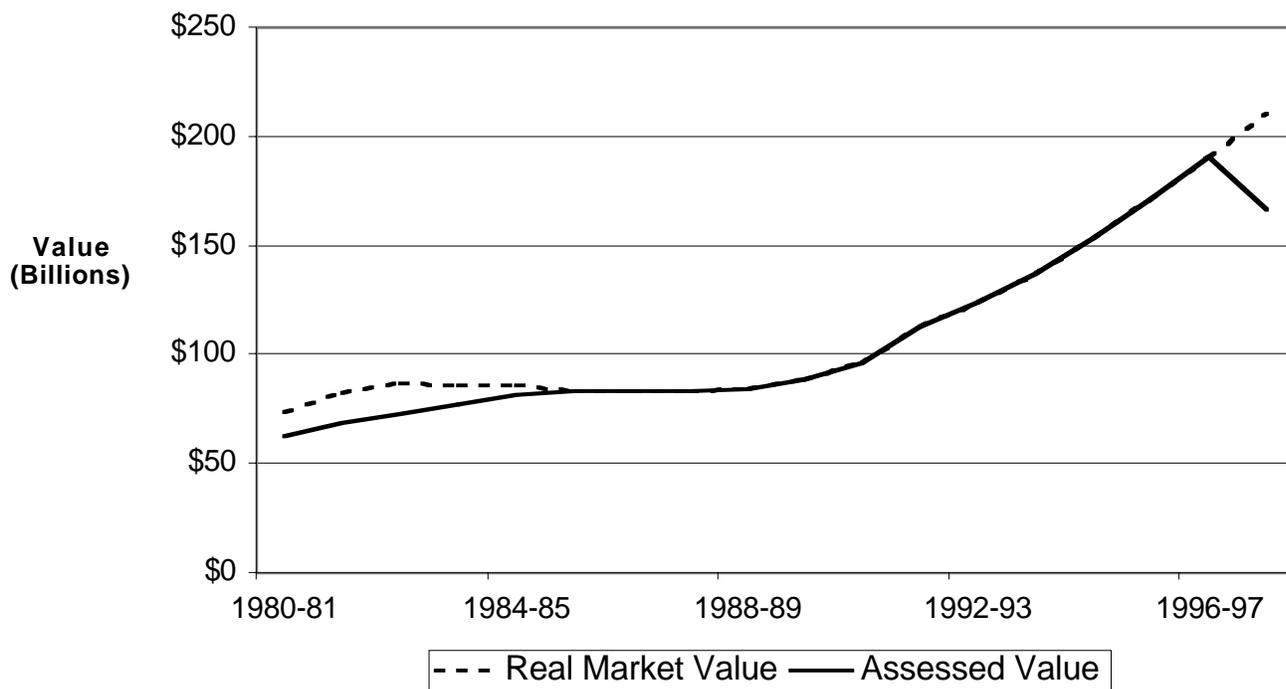
The table below summarizes property values and taxes imposed for 1996–97 and 1997–98. Statewide, the market value of property grew by 10.4 percent from last year, the seventh consecutive year that value growth has been greater than 10 percent. However, because Measure 50 rolled assessed values back to 90 percent of 1995–96 levels, total assessed value—the value of property subject to tax—declined by 12.5 percent. These lower assessed values, when multiplied by the tax rates calculated under Measure 50, resulted in a 6.0 percent decline in operating taxes from 1996–97 to 1997–98. Over the same period, bond taxes rose by 12.5 percent, and urban renewal taxes rose by 56.4 percent. Overall, total property taxes declined 2.0 percent.

SUMMARY OF PROPERTY VALUES AND TAXES IMPOSED			
(Dollars in Millions)			
	1996-97	1997-98	Percent Change
Real Market Value*	\$190,153.5	\$209,981.2	10.4%
Assessed Value*	\$190,153.5	\$166,447.2	-12.5%
Operating Taxes	\$2,144.3	\$2,016.3	-6.0%
Bond Taxes	\$318.9	\$358.9	12.5%
Urban Renewal Taxes	<u>\$64.8</u>	<u>\$101.3</u>	<u>56.4%</u>
Total Taxes	\$2,527.9	\$2,476.5	-2.0%

* Values exclude approximately \$7.0 million in value taxed by the state.

Prior to Measure 50, the assessed value of property in Oregon was equal to the real market value of the property.¹ Measure 50 “disconnected” Oregon’s property tax system from real market value and defined each property’s 1997–98 assessed value as 90 percent of the property’s 1995–96 assessed value. The assessed value for a property is then allowed to grow a maximum of 3 percent per year. The graph below shows how assessed values grew over time through 1997–98. Total assessed value was flat through most of the 1980’s, then grew rapidly from 1989–90 through 1996–97. With the passage of Measure 50, 1997–98 total assessed value fell to a level 12.5 percent below the prior year and 21 percent below real market value.

Assessed Value of Property



The table on the following page shows how the reductions in operating and bond taxes varied for different types of taxing districts. Schools and special districts took the largest revenue cuts in operating taxes under Measure 50. Counties and cities experienced smaller cuts, and urban renewal agencies had a substantial increase. On the bond side, counties, schools, and special districts had large increases in bond taxes while cities experienced a decline. Because the Measure 50 cuts applied only to operating taxes, the large increases in urban renewal and bond taxes offset part of the tax relief that Measure 50 provided.

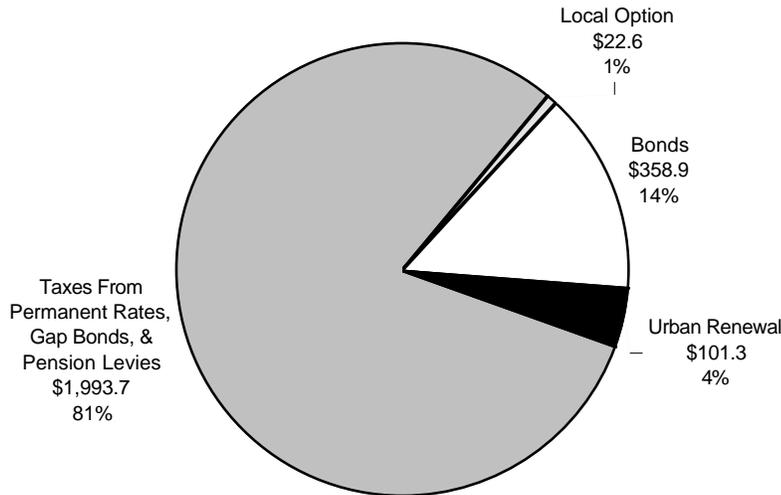
¹ For the years 1980 through 1984, assessed values differed from market values because the legislature set the assessment ratio at a level below 100 percent. The ratio was returned to 100 percent in 1985.

**OPERATING AND BOND TAXES, 1996-97 AND 1997-98
BY TYPE OF DISTRICT**

TYPE OF DISTRICT	Operating Taxes			Bond Taxes			Total Taxes		
	1996-97	1997-98	% Chg	1996-97	1997-98	% Chg	1996-97	1997-98	% Chg
Counties	440.6	424.7	-3.6%	34.7	44.9	29.3%	475.3	469.6	-1.2%
Cities	518.9	501.4	-3.4%	49.9	47.7	-4.4%	568.8	549.1	-3.5%
Schools	950.1	882.3	-7.1%	184.9	211.8	14.6%	1,135.0	1,094.1	-3.6%
Special Districts	234.7	207.9	-11.4%	49.4	54.5	10.2%	284.1	262.4	-7.7%
Total District Taxes	2,144.3	2,016.3	-6.0%	318.9	358.9	12.5%	2,463.2	2,375.2	-3.6%
Urban Renewal Agencies	64.8	101.3	56.4%	0.0	0.0	0.0%	64.8	101.3	56.4%
TOTAL	2,209.1	2,117.6	-4.1%	318.9	358.9	12.5%	2,527.9	2,476.5	-2.0%

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. The pie chart below shows the relative sizes of each type of property tax after the Measure 50 cuts. Taxes from permanent tax rates, along with gap bonds and pension levies (which eventually become part of the permanent rate) represent 81 percent of the total. Bond taxes represent the next largest share at 14 percent, and local option taxes and urban renewal taxes make up the remaining 5 percent.

**Taxes Imposed by Type of Tax
1997-98, (\$Millions)**



The tax cut provided by Measure 50, along with the restrictions on future growth that it also provided, continue the property tax relief in Oregon started by Measure 5 back in 1991–92. The graph below compares the growth in property taxes since 1959–60 with a broad measure of growth in Oregon’s economy: the growth in personal income. Up until 1980–81, property taxes and personal income grew at roughly the same rate. The following two years, property taxes grew more rapidly than income, but then again settled into pattern of growth similar to the growth in personal income until 1990–91. But over the period from 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 a high of 5.6 percent in 1970–71 to 3.0 percent in 1997–98. Measure 50’s three percent limitation on the growth in assessed values means that property taxes will grow relatively slowly in the future and taxes as a share of personal income are likely to continue to decline.

Property Taxes and Personal Income

