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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED

09/22/2023 2:58 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Recalculation of maximum-assessed value for partial assessed-value exemptions

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/21/2023 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
Katie McCann
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HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/21/2023

TIME: 9:00 AM

OFFICER: Assigned Staff

REMOTE MEETING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 669-254-5252

SPECIAL INSTRUCTIONS:

Join meeting by video:

<https://www.zoomgov.com/j/1600520588>

Meeting ID: 160 052 0588

Passcode: 502799

Join meeting by phone:

1-669-254-5252

Meeting ID: 160 052 0588

Passcode: 502799

NEED FOR THE RULE(S)

Despite Oregon Constitution, Article XI, Section 11, requiring county assessors to recalculate the maximum assessed value (MAV) of properties entering and exiting exemption programs, assessors have not been recalculating MAV (reMAV) in the case of assessed value (AV) exemptions. After consultation with DOJ, DOR issued November 10, 2021 guidance to assessors that they must begin performing reMAVs for AV exemptions. The rule is necessary to clarify that

assessors do not have to retroactively reMAV properties already in the AV exemption programs, to streamline the work for assessors, and to minimize unexpected impacts to taxpayers while balancing the interests of tax districts in a transparent manner.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Oregon constitution, ORS 307.032, ORS 307.250, ORS 307.286, ORS 307.295, ORS 308.250, ORS 307.548, ORS 307.555, Oregon Tax Expenditure Report (<https://www.oregonlegislature.gov>).

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

Property tax records do not include data on racial identity. We assume that many Oregonian taxpayers that are historically economically disadvantaged may be more likely than others to pay taxes on property that has relatively slow value growth. Whereas, taxpayers with higher income may be more likely to pay taxes on property that has relatively faster value growth. Property with relatively rapid value growth is more likely to have an internal ratio of MAV to real-market value that is below the area's change property ratio (CPR). ReMAVs could raise the tax bill for such taxpayers. Property with relatively slow value growth is more likely to have an internal ratio above the CPR. ReMAVs could reduce the tax bill for such taxpayers. If all these assumptions are correct, the proposed rule will advance racial equity by giving historically economically disadvantaged taxpayers the benefit of reMAVs.

FISCAL AND ECONOMIC IMPACT:

The fiscal impact to DOR should be minimal and absorbable. Expenses will be for providing training and support to county assessors. Giving historically economically disadvantaged taxpayers the benefit of reMAVs for AV exemption programs will assist those taxpayers. There will be a corresponding reduction in property tax revenue to local governments.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) Performing the reMAVs will require staff time for county assessors' offices. To quantify the effect, one would need to research the typical annual number of accounts entering and exiting AV exemption programs in each county and the typical amount of time for a staff member to calculate the reMAV. It is unlikely that the staff time requirement would not be absorbable by most county assessors' offices.

(2)(a) The AV exemption programs affected by the rule are for residential taxpayers, not businesses.

(b) The AV exemption programs affected by the rule are for residential taxpayers, not businesses.

(c) The AV exemption programs affected by the rule are for residential taxpayers, not businesses.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The AV exemption programs affected by the rule are for residential taxpayers, not businesses.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

ADOPT: 150-307-0032

RULE SUMMARY: To specify when and how to determine the "value of the partial exemption" and the assessed value when recalculating maximum assessed value of properties entering assessed-value exemptions.

CHANGES TO RULE:

150-307-0032

Recalculation of maximum-assessed value for partial assessed-value exemptions

(1) For the purposes of ORS 307.032, in the case of a partial exemption of assessed value, "the value of the partial exemption" means the dollar amount of assessed value exempted.

(2) For purposes of ORS 307.032(1)(b), in the case of a partial exemption of assessed value, the assessed value of the property shall equal the lesser of:

(a) The real market value of the property reduced by the statutory dollar amount of the partial exemption;

(b) The maximum assessed value of the property as calculated under ORS 307.032(1)(a)(A) and section (1) of this rule; or

(c) The assessed value of the property as though not eligible for partial exemption reduced by the statutory dollar amount of the partial exemption.

(3) This rule is applicable to all properties that first become eligible for a partial exemption of assessed value on or after January 1, 2024.

Statutory/Other Authority: ORS 305.100

Statutes/Other Implemented: ORS 307.032