

# Roadmap to OREGON PROPERTY TAXES

## General Assessment Overview

Oregon's property tax system has many nuances that protect owners (and buyers) from rapidly rising values. Recent sales transactions do not directly impact property taxes, and buyers are allowed to retain the existing trended base value regardless of the purchase price.

**Oregon's assessment date is January 1** with an assessment ratio of 100%. It's fiscal cycle runs from July 1 through June 30, and all real property and tangible personal property is taxable unless exempted by statute.

Counties are legally obligated to inspect and reappraise one-sixth of its real property annually. They are also required to make county-wide sales ratio studies each year.

A property is taxed on its assessed value - the lower of its real market value or its maximum assessed value.

**Real Market Value (RMV)** is the price a property would sell for on the open market on January 1.

**Maximum Assessed Value (MAV)** is an established taxable value limit for each property that can only increase for two reasons: a 3% annual increase as allowed by Measure 50 or specific events, known as exception events, such as new construction, change in use, or loss of exemption.

## Legislation

In 1990, Oregon passed Measure 5 limiting the amount of tax based on the property's RMV. Unlike many other tax limitation measures, Measure 5 places no limitations on value and instead capped the taxes paid for school and non-school bonds. This act led to Measure 47.

Measure 47 required that property taxes be no higher than 10% less than those imposed in the 1994-1995 tax year. Thereafter, property tax increases were to be capped at 3% per year.

Measure 50 passed in 1997 and reduced a property's MAV for the 1997-98 tax year to 90% of either the 1995-96 or 1996-97 tax year assessed value, depending on which value was lower. For subsequent years, the annual increase in a property's MAV is limited to 3%.

Because of these imposed tax limitation measures, there is significant local pressure on assessors annually to increase the tax base.

It should be noted that personal property assessments are not protected under Measure 50.

## Exception Events

An exception event would be the addition of a new structure, improvements of the existing structure (more than \$10,000 in one year or \$25,000 over three years), or the subdivision or partition of a property. Regarding the improvement of an existing structure, deferred maintenance or upgrades to keep the property at its current competitiveness typically aren't included. The county will create an exception event if a property is renovated and/or expanded to be repositioned. The county will look for a change in use, new building permits, or if the exterior of a building is significantly changed.

### Property Tax Appeals

The assessor’s determination of value will appear on the tax statement mailed to taxpayers in October. This document acts as both a value notice and tax bill.

**If a property owner disagrees with their property value, they have until December 31 to appeal to the County Board of Property Tax Appeals (BOPTA).**

Property owners can appeal the current year real market, maximum assessed, specially assessed, or assessed value; however, most appeals address a difference in opinion with the RMV. Property owners need to provide evidence, such as an appraisal report or a comparison of recently sold similar properties, to defend the appeal.

The board considers appeals between the first Monday in February and April 15. The property owner can either attend the review or rely on the submitted evidence. The board will notify the taxpayer of their decision in writing.

If still unsatisfied with the BOPTA’s decision, property owners can appeal to the Magistrate Division of the Oregon Tax Court within 30 days of the board’s order.

After this, an appeal can then be submitted to the Regular Division of the Oregon Tax Court within 60 days of the magistrate’s ruling. Finally, an appeal can be filed to the Oregon Supreme Court.

If a third party is engaged to represent a property owner (or ownership entity) at any or all formal levels of appeal in Oregon, then an attorney, CPA, or State Certified Real Estate Appraiser is required.

Because of Measure 50, it is assumed that most real estate in Oregon is underassessed, making appeals rare and increasing the burden of proof at the various board and court levels.

Reductions to the RMV through appeal may not always result in tax savings. Tax savings is generated by one or both of the following scenarios:

- Reducing the applied RMV below the actual MAV
- Reduction solely of the RMV where the current MAV taxes then exceed 1.5% of the revised RMV as per Measure 5. Taxes are then “compressed” down to 1.5% for that year for general levy and school bonds.

### Tax Bills

Property tax bills can be paid in three installments. The first third is due on or before November 15 of the assessment year. The second third is due by February 15 and the final third is due by May 15.

If taxes are paid in full by the first installment (November 15), a 3% discount is applied to the bill, and if paid in full by second installment (February 15), a 2% discount is applied. There are no other discounts given, and taxpayers will be charged interest if any payment is made after it is due.

### Personal Property

**The personal property lien date is January 1** and is valued at 100% of RMV. Taxpayers must file personal property tax returns with the county assessor where they have tangible personal property **on or before March 15** each year.

Personal property assessments are based on information supplied by the taxpayer. Items of furniture, fixtures, machinery, and equipment are assessed according to their original cost and year of acquisition with the aid of trend/depreciation tables provided to the assessor by the state Department of Revenue. Inventory is exempt.

No filing extensions are granted, and penalties are 5%, 25%, or 50% of the tax depending on the date of late filing. A property owner has the right to file an appeal if they believe they were incorrectly charged a late filing penalty or if they disagree with the property’s value.

Personal property returns are rarely audited. Manufacturers file to the state and are assessed machinery and equipment with the real estate on an industrial return.

### Oregon Tax Calendar

#### Real Estate and Personal Property

Assessment Date	Jan 1
Value Notice/Tax Bill Issued	Oct 15
Appeal Deadline	Dec 31
Tax Bills Due	Nov 15 (First Installment) Feb 15 (Second Installment) May 15 (Third Installment)