

Property Tax Equity Audit

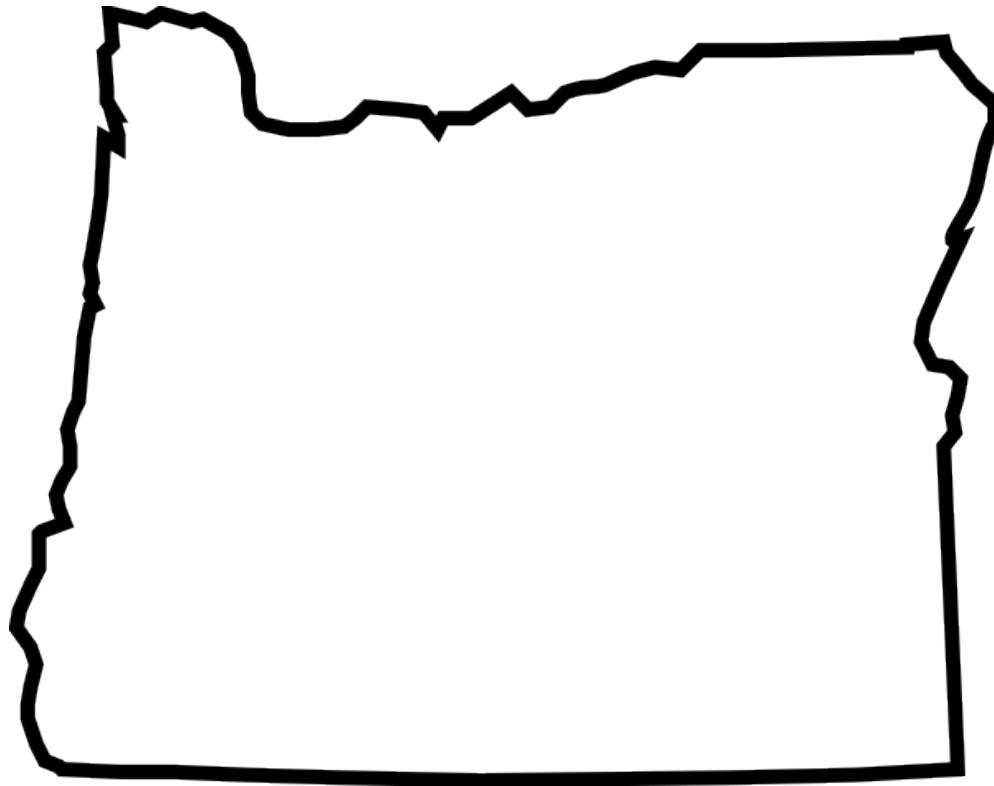
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Property Tax Equity: Life after 50



Hypothetical Model

Local government & schools
collect the same amount of taxes

Property taxes are lower for most
residential property owners



To: Chair Kafoury; Commissioners Bailey, Smith, Shiprack, and McKeel; Sheriff Staton; District Attorney Underhill; Citizens

- We are presenting the report on our Property Tax Equity Audit in an alternative interactive format available online at our website.
- The County, primarily from the effect of Measure 50, has an inequitable property tax system that treats properties with similar market values differently. Much of this is due to the arbitrary and capriciousness of the 1995 starting point for assessed values without any connection to market value; arguably the worst property taxing system in the nation.
- Interaction with the pre-existing Measure 5 has exacerbated the effects of this system, with resulting tax loss through compression, interactions of various levies and districts, and other complications.
- We approached this work with a hypothetical model that uses the concept of equity as the starting point, removing M50's worse effects, and then keeping the current levels of tax collected per taxing district flat .

Steve March



Property Tax Equity

Goal: Demonstrate inequities of Measure 50

Example: Four residential properties

Bigger picture: Property tax model

Tax Neutral: Every taxing district collects the same amount as in current system

Hypothetical model: Not a new property tax system



Measure 50 eliminated
two equity clauses



Article I, Section 32. “Taxes and duties; uniformity of taxation. No tax or duty shall be imposed without the consent of the people or their representatives in the Legislative Assembly; and all taxation shall be uniform on the same class of subjects within the territorial limits of the authority levying the tax.”
(adopted June 4, 1917)



Article IX, Section 1: “Assessment and taxation; uniform rules; uniformity of operation of laws. The Legislative Assembly shall, and the people through initiative may, provide by law uniform rules of assessment and taxation. All taxes shall be levied and collected uniformly throughout the State.

(adopted June 4, 1917)



Recommendations

We have no recommendations that are implementable by County staff as they are constrained by the current version of the State Constitution and the resulting assessment and taxation requirements. If the citizens want an equitable tax system I would suggest contacting their state legislators, challenge the system in federal court or take to the initiative process to eliminate the provision in the Oregon Constitution from Measure 50 that took equity out of our property tax system.



Appendix



Calculation Example

Maywood Park collected \$67,290 in taxes.

**Current
System**

Total Assessed Value of Properties	58,606,780
Current Rate	0.1148%

**Our
Model**

Total Real Market Value of Properties	78,149,182
Rate in Our Model	0.0861%

**Both
Collect the
Same
Amount of
Taxes**

	House 1	House 2
Assessed Value	\$154,000	\$121,000
Real Market Value	\$185,000	\$185,000
Current Taxes	\$177	\$139
Taxes if Based on Real Market Values	\$159	\$159

