# Property Tax Compression Facts & Figures

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June 14, 2012

# **Things to Remember**

- Three Factors Impact Property Taxes

  - Assessed Value = 1995 Property Value + 3% growth per year since then

  - Real Market Value = What Assessor believes you could reasonably receive were you to sell your home

  - Tax Rate = $ per $1,000 of Assessed Value

# **Things to Remember**

- Taxes are paid on the Assessed Value (AV) vs. Measure 5 limits are on the Real Market Value (RMV)
    - Limit is $10 per $1,000 of RMV for General Government
    - Most places in Portland have levies totaling ~$14 per $1,000
    - Therefore, when AV is at least ~70% of RMV, compression occurs (i.e., taxes paid are less than what AV times the tax rates would yield)

# Things to Remember

- First local option levies are compressed (currently include Children's Levy and Library Levy)

- After they reach $0, each remaining permanent levy is compressed proportionally until limit is reached

- This calculation is done on each individual property in the state.

# How Different AV/RMV Ratios Create Inequities

| | RMV | AV | AV/RMV Ratio | Extended Gen. Gov. Tax* | Measure 5 Limit | Actual Taxes Paid |
|---|---|---|---|---|---|---|
| House #1 | $300,450 | $115,430 | 38% | $1,616 | $3,005 | **$1,616** |
| House #2 | $300,020 | $164,080 | 55% | $2,297 | $3,000 | **$2,297** |
| House #3 | $300,310 | $218,800 | 73% | $3,063 | $3,003 | **$3,003** |
| House #4 | $300,220 | $251,130 | 84% | $3,516 | $3,002 | **$3,002** |

# Example Property Tax Bill (Not in Compression)

| VALUES: | LAST YEAR | THIS YEAR |
|---|---|---|
| MARKET VALUES: | | |
| LAND | 155,000 | 150,000 |
| STRUCTURE | 217,720 | 216,570 |
| TOTAL RMV VALUE | 372,720 | 366,570 |
| | | |
| TAXABLE VALUES: | | |
| ASSESSED VALUE | 178,610 | 183,960 |
| | | |
| **PROPERTY TAXES:** | $3,902.19 | $4,006.90 |

Measure 5 General Government Limit = $3,666, so no compression

2010-11 CURRENT TAX BY DISTRICT:

| | |
|---|---|
| MULTNOMAH ESD | 76.03 |
| PORTLAND COMMUNITY COLLEGE | 46.56 |
| PORTLAND PUBLIC SCHOOL | 867.90 |
| PORTLAND PUBLIC SD LOC OPTION | 207.53 |
| EDUCATION TAXES: | $1,198.02 |
| | |
| PORT OF PORTLAND | 11.76 |
| CITY OF PORTLAND | 760.09 |
| METRO | 16.13 |
| EAST MULT SOIL & WATER CD | 17.26 |
| MULTNOMAH COUNTY | 720.99 |
| CITY OF PORTLAND CHILD LOC OP | 67.51 |
| MULT CO LIBRARY LOCAL OPT TAX | 149.08 |
| PORTLAND FIRE/POLICE PENSION | 437.60 |
| URBAN RENEWAL - PORTLAND | 445.67 |
| GENERAL GOVERNMENT TAXES: | $2,626.09 |
| | |
| CITY OF PORTLAND BONDS | 32.21 |
| METRO BONDS | 52.24 |
| MULTNOMAH COUNTY BONDS | 25.20 |
| TRI-MET TRANSPORTATION BONDS | 14.68 |
| PORTLAND COMM COLLEGE BONDS | 58.46 |
| BONDS AND MISC TAXES: | $182.79 |
| | |
| 2010-11 TAX (Before Discount) | $4,006.90 |

# Example Property Tax Bill (In Compression)

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| MARKET VALUES: | | |
| LAND | 155,000 | |
| STRUCTURE | 217,720 | |
| TOTAL RMV VALUE | 372,720 | **241,000** |
| | | |
| TAXABLE VALUES: | | |
| ASSESSED VALUE | 178,610 | 183,960 |
| | | |
| **PROPERTY TAXES:** | $3,902.19 | $4,006.90 |

Measure 5 General Government Limit = $2,410 so local option levies are compressed

| 2010-11 CURRENT TAX BY DISTRICT: | |
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| METRO | 16.13 |
| EAST MULT SOIL & WATER CD | 17.26 |
| MULTNOMAH COUNTY | |
| CITY OF PORTLAND CHILD LOC OP | **0** |
| MULT CO LIBRARY LOCAL OPT TAX | **0** |
| PORTLAND FIRE/POLICE PENSION | 437.60 |
| URBAN RENEWAL - PORTLAND | 445.67 |
| GENERAL GOVERNMENT TAXES: | **2,410** |
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# How Compression Impacts Property Taxes



General Government Property Taxes on Hypothetical Home (RMV = $250,000, AV = $200,000)
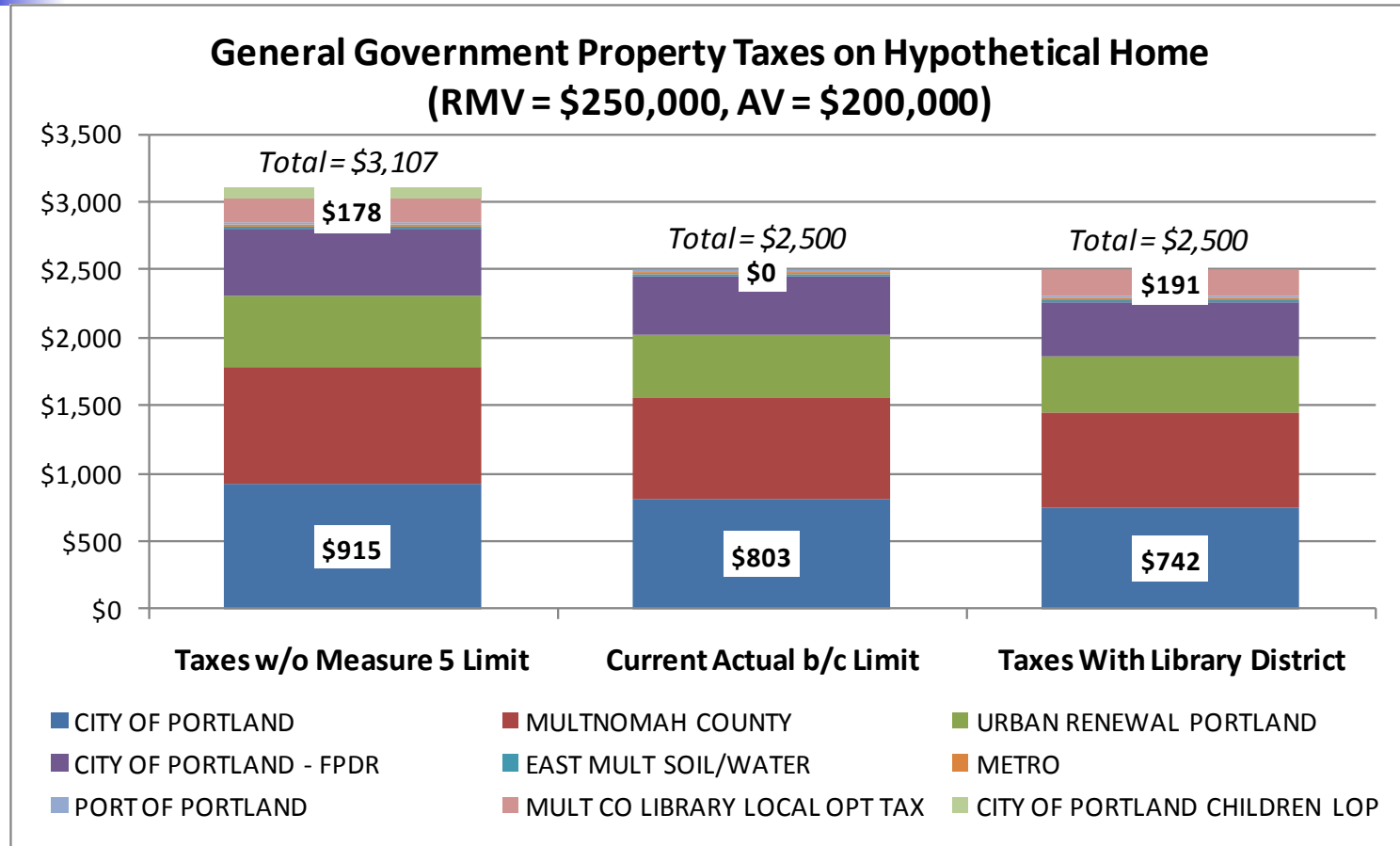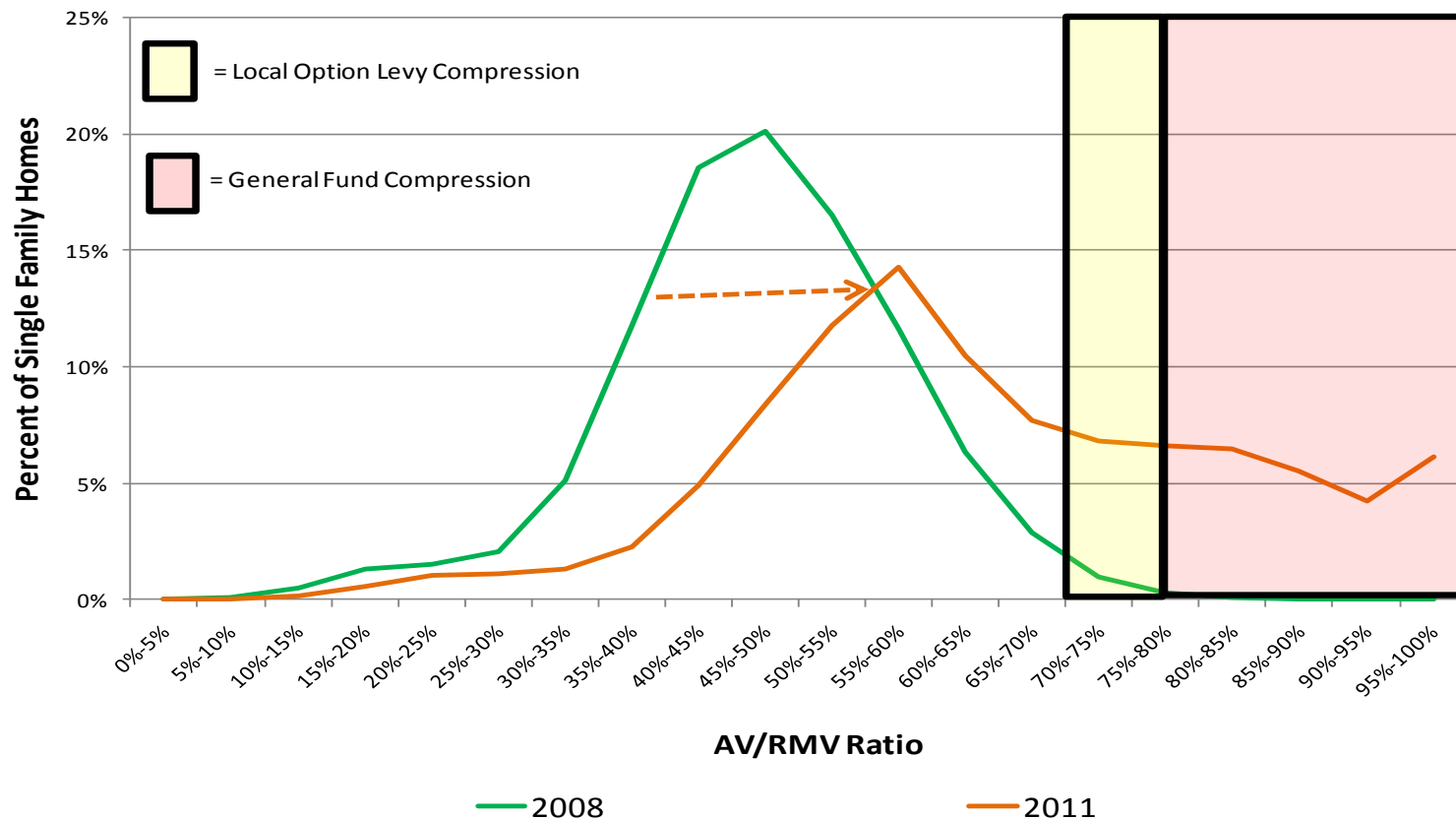
# Boom vs. Bust
## (Compiled by Zip Code)



Changes in Single Family Home Real Market Values by City Region
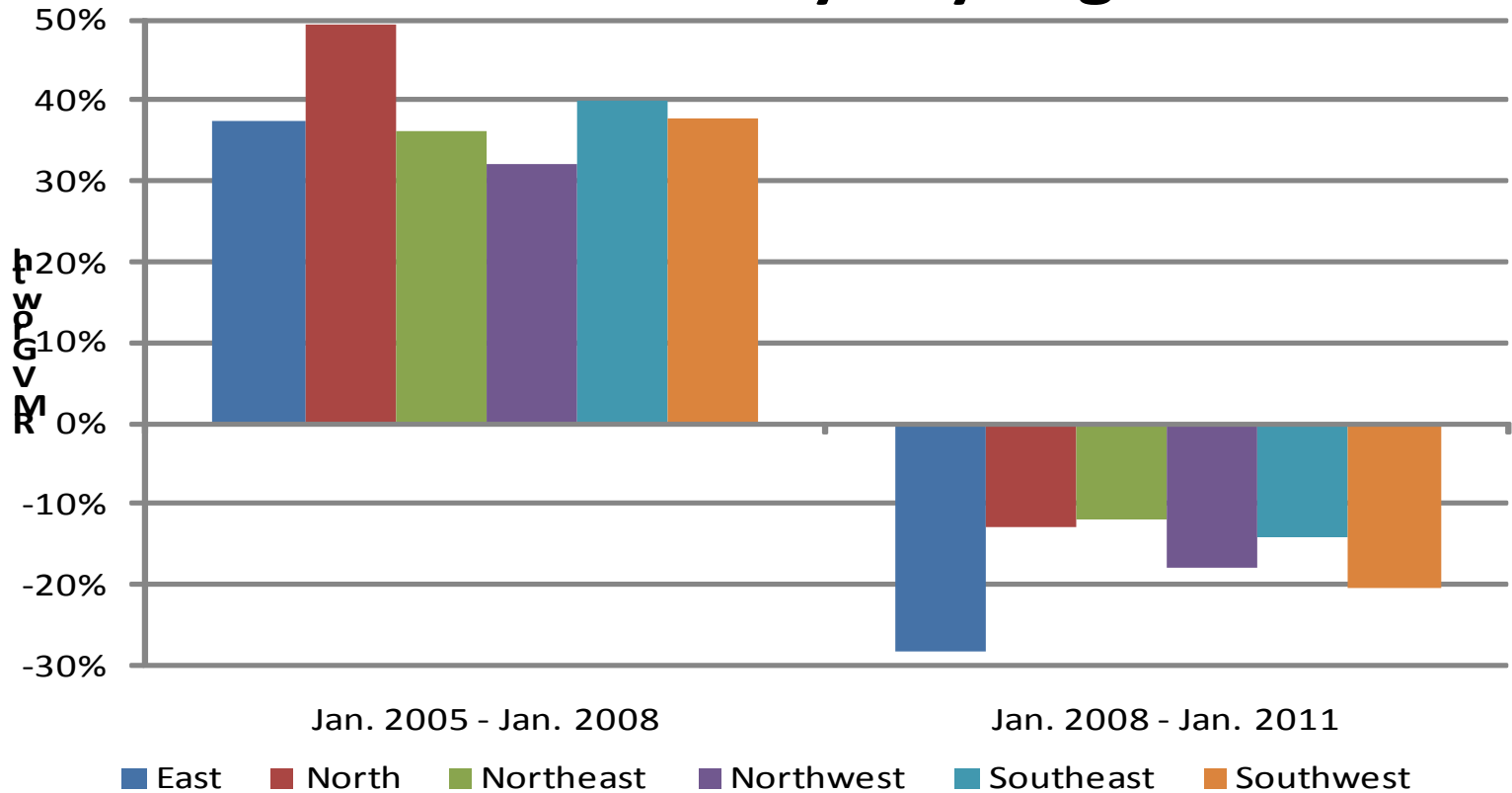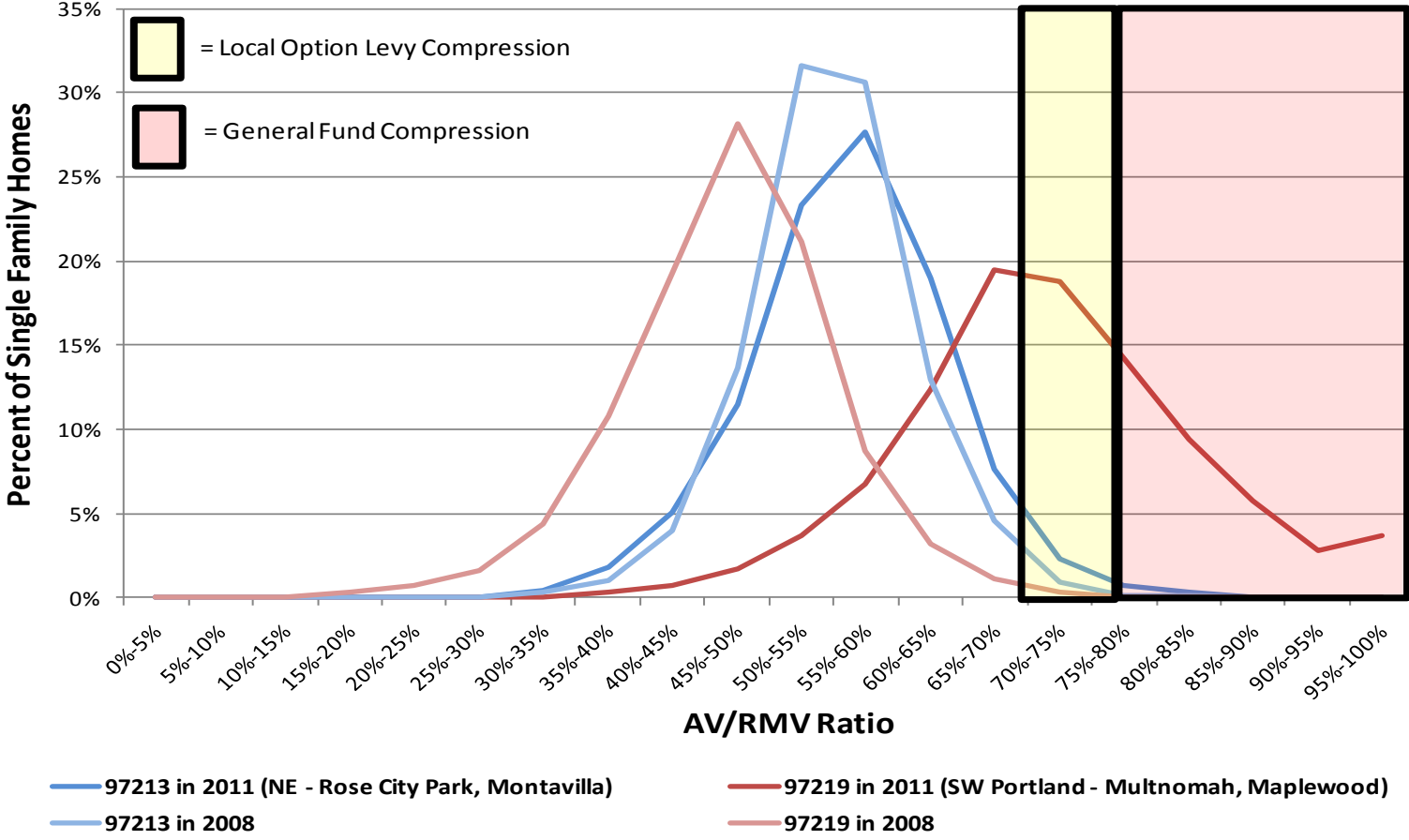
# The Impact of Falling Real Market Values



**Distribution of AV/RMV Ratio for Single Family Homes**

Note: In 2008, only 1.5% of Single Family Homes in Portland was in compression. In 2011, 35.9% were in compression. Due to compression, Portland's Children's Levy received less than 60% of what the citywide assessed value times the tax rate would yield.

# Where Compression is (and is not) Occurring



Distribution of AV/RMV Ratio for Single Family Homes in Two Zip Codes

Legend:
- = Local Option Levy Compression
- = General Fund Compression

Y-axis: Percent of Single Family Homes (0% – 35%)
X-axis: AV/RMV Ratio (0%–5% to 95%–100%)

97213 in 2011 (NE - Rose City Park, Montavilla)
97219 in 2011 (SW Portland - Multnomah, Maplewood)
97213 in 2008
97219 in 2008

# Contact Information

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