

LEAGUE OF OREGON CITIES

FACTS ABOUT PROPERTY TAXES

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In an effort to better educate Oregonians about our state's property tax system, the [League of Oregon Cities](#) released via [Twitter](#) and [Facebook](#) five facts about property taxes between October 15 and 25, 2013. The facts and this subsequent report of all five facts were timed to coincide with the mailing of property tax statements.

For additional information, please contact Chris Fick or Allegra Willhite at 503-588-6550 or visit www.oregondemocrats.org/taxreform.



Founded in 1925, the League of Oregon Cities is a voluntary association representing all 242 of Oregon's incorporated cities. The League helps cities serve their citizens by providing legislative advocacy services, policy consultation, intergovernmental relations assistance, networking and training, technical assistance and publications.



Property Tax Fact #1

Major Property Tax Inequities Exist Between Homeowners

Recently sold homes and the differences in property taxes owed.

| Address | Date Sold | Sale Price | 2013-14 Property tax | Difference |
|----------------------------|-----------|------------|----------------------|------------|
| <u>Portland</u> | | | | |
| 4900 Block SW Fairvale Ct. | 6/18/2013 | \$ 325,000 | \$ 5,411 | |
| 5200 Block NE 20th Ave. | 5/17/2013 | \$ 325,000 | \$ 2,164 | \$ (3,247) |
| <u>Eugene</u> | | | | |
| 900 Block Sheraton Dr. | 1/25/2013 | \$ 201,900 | \$ 3,472 | |
| 2900 Block Mill St. | 8/7/2013 | \$ 210,000 | \$ 1,859 | \$ (1,613) |
| <u>Salem</u> | | | | |
| 1700 Block Cottage St. SE | 5/24/2013 | \$ 160,000 | \$ 2,996 | |
| 600 Block 20th St. NE | 7/18/2013 | \$ 160,000 | \$ 1,807 | \$ (1,189) |
| <u>Medford</u> | | | | |
| 1800 Block Gabriel Way | 8/7/2013 | \$ 236,000 | \$ 4,272 | |
| 1800 Block S Peach St. | 5/30/2013 | \$ 235,000 | \$ 2,279 | \$ (1,993) |

Sale data and property tax information is from 2013-14 county assessor records.

Under Oregon's property tax system, similarly valued homes can often have significantly different property tax bills. In Portland, for example, two homes sold this spring for \$325,000. One owner will owe \$5,411 in property taxes this year; the other \$2,164. That's a difference of \$3,247, or \$270 per month. Additional examples are shown above.

Why the large disparity? A ballot initiative in the mid-1990s locked in assessed, or "taxable," values based largely on a property's 1995 market value. Because individual property values have grown at dramatically different rates since then, tax bills for what are now similarly valued properties are often radically different.

Separating taxable value from market value also puts those selling homes on an uneven playing field. A home with lower property taxes, after all, may enable a prospective seller to increase the asking price, putting other sellers at a disadvantage and distorting the real estate market.



Property Tax Fact #2

State-wide Property Tax Caps Handcuff Local Voters

Property tax limitations enacted in 1990 severely restrict the ability of local voters to fund schools, police and other important services at a level they deem sufficient. Voter approved levies – temporary measures limited to no more than five years duration – are subject to statewide property tax caps and cannot be overridden by local voters.

Revenue lost from local option levies exceeded \$99 million for all taxing districts in FY2012-13, with some levies seeing the revenue voters approved being reduced by as much as 70 percent (see table below).

Percentage of local option levy revenue lost to statewide limits, FY2012-13

| Tax District | Percentage | Tax District | Percentage |
|----------------------------------|------------|-----------------------------------|------------|
| Morrow County School District | 71.8% | Pendleton School District | 41.7% |
| West Linn/Wilsonville Sch. Dist. | 70.1% | Ashland School District | 34.7% |
| Crow-Applegate-Lorane Sch. Dist. | 66.3% | Portland Public Schools | 34.6% |
| Tigard-Tualatin School District | 58.0% | Sweet Home Police & Library Levy | 33.1% |
| Eugene School District | 56.3% | Lake Oswego School District | 31.3% |
| Corvallis School District | 47.1% | Albany Public Safety Levy | 29.1% |
| City of Portland Children's Levy | 46.7% | Hood River County School District | 22.8% |

Data obtained from the Oregon Department of Revenue.

“Many Oregonians don’t know that in many situations they have lost their ability to make their own choices when it comes to funding local schools, police or fire departments or libraries,” said LOC tax and finance analyst Chris Fick.

Since 2007, revenue lost from voter-approved school local option levies has increased by 990 percent, while county levies have seen an increase of 316 percent.



Property Tax Fact #3

Oregonians Pay More in State Income Taxes than in Property Taxes

| | |
|--|--|
| \$1,425 Oregon per capita state income taxes | \$1,292 Oregon per capita local property taxes |
|--|--|

Oregonians, on a per capita basis, pay more in state income taxes than property taxes – \$1,425 in state income taxes compared to \$1,292 in property taxes – according to the Tax Foundation’s [2013 Facts and Figures](#) report.

“Most Oregonians don’t realize they pay more in state income taxes than local property taxes,” said Chris Fick, the tax and finance policy analyst for the League. “The property tax statement offers such a clear accounting, and most taxpayers don’t receive the same transparency in their income taxes since it’s often withheld in employee paychecks.”

The [Tax Foundation](#), a non-partisan research group based in Washington D.C., compiles its Facts and Figures report using the most recent data available. For its property tax per capita data, the foundation used 2010 data; for income taxes per capita, the data is from 2011.



Property Tax Fact #4

For Many Communities, Property Taxes Don't Cover the Costs of Public Safety

Public safety expenditures as a percentage of property tax collections, FY2011-12

| | |
|-----------|------|
| Ashland | 211% |
| Gresham | 170% |
| Pendleton | 140% |
| Bend | 129% |
| Portland | 126% |
| Burns | 124% |

| | |
|-------------|------|
| Coos Bay | 119% |
| The Dalles | 119% |
| Medford | 109% |
| Grants Pass | 108% |
| Albany | 107% |
| Salem | 105% |

**Percentages derived from FY2011-12 comprehensive annual financial reports, which are available at the Oregon Secretary of State's [website](#).*

For many cities property tax revenues do not cover the costs of providing public safety services, such as police and fire, according to a League of Oregon Cities analysis of the annual financial reports of cities throughout the state (see table above).

“Many Oregonians don’t realize that the city portion of their property tax bill only reflects the cost to keep your neighborhood safe and emergency responders at the ready,” said Chris Fick, the tax and finance policy analyst for the League. “The other valuable public services that are provided, such as parks, libraries and roads are not paid for through property taxes alone.”

Most property tax revenue supports local schools. Statewide, an average of 42 cents from every property tax dollar goes to local schools, while 22 cents and 19 cents on average go to the city and county respectively. The remaining amount goes to special districts.



Property Tax Fact #5

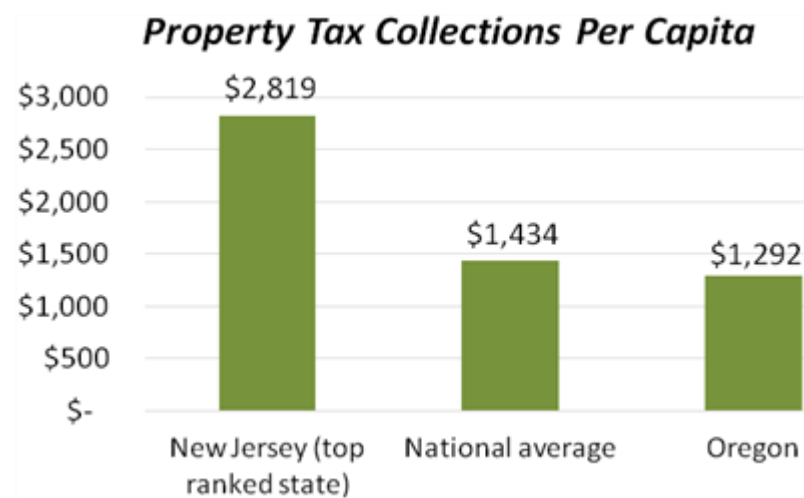
Oregon Ranks in the Bottom Half of States in Property Taxes Per Capita

26th

Oregon's rank in property tax collections per capita.

26th

Oregon's rank in mean property taxes on owner-occupied housing as a percentage of home value.



Oregon ranks 26th in property tax collections per capita, despite being one of only five states without a sales tax, according to the Tax Foundation's [2013 Facts and Figures](#) report. Oregonians per capita pay less than the national average (\$1,292 vs. \$1,434) and less than half of what residents in New Jersey, the top ranked state, pay (\$2,819).

Oregon also ranks 26th in mean property taxes on owner-occupied housing as a percentage of mean home value, with owner-occupied homes paying 0.97 percent of a property's value. The nationwide effective tax rate is 1.12 percent.

The [Tax Foundation](#), a non-partisan research group based in Washington D.C., compiles its Facts and Figures report using the most recent data available. For its property tax data, the foundation used 2010 and 2011 data.