

How Measure 50 Affects Your Property Tax

And it's impact on a Board of Property Tax Appeal

Author: **Assessor's Office** / Monday, October 26, 2015 / Categories: **News, Tax Time, BOPTA**

There are three important values that influence the amount of property tax:

Real Market Value (RMV) is the market value of the property. It represents what the property would likely sell for as of **January 1 of the tax year (Assessment Date)**. Property is initially inspected physically, than a comparison of market data for similar properties is used to trend and update the RMV.

Maximum Assessed Value (MAV) was created in 1997 when Measure 50 was voted into law. MAV is the taxable value limit established for each property. It was first computed by taking the 1995 Real Market Value and subtracting 10%. Unless there is new construction on the property the MAV can increase up to 3% per year, by law. The assessor's office cannot change the MAV due to declines in real estate values.

Assessed Value (AV) is the lower of the Real Market Value or the Maximum Assessed Value. Your tax is calculated based on the Assessed Value.

EXAMPLE #1 – Your tax bill indicates a Real Market Value of \$200,000 for your property. The Assessed Value is based on an MAV of \$150,000. During the appeal hearing before the Board of Property Tax Appeals (BOPTA) you present several sales in your neighborhood as evidence that your value should be reduced to \$175,000. The BOPTA board agrees and makes the reduction. The values before and after the appeal adjustment are shown below.

Value Before Appeal		Value After Appeal	
RMV	\$200,000	RMV	\$175,000
MAV	\$150,000	MAV	\$150,000
AV	\$150,000	AV	\$150,000

The RMV was reduced due to the appeal. The MAV is not affected by the appeal. The lower number is still the MAV of \$150,000. The Assessed Value remains \$150,000. Since the tax is based on the AV which did not change, the tax remains the same. Here, only if the RMV falls below the MAV will the AV be reduced, thus allowing a reduction in the amount of tax. (Measure 5 limits (compression) is important to remember when figuring taxes. Limits General Government to \$10 per Thousand and Education to \$5 per Thousand, not including bond levies and some special assessments.)

EXAMPLE #2 – Your tax bill indicates a Real Market Value of \$200,000 for your property. The Assessed Value is based on an MAV of \$185,000. During the appeal hearing you provide the BOPTA board evidence that your Real Market Value should be \$175,000. The BOPTA board agrees and makes the reduction. The values before and after the appeal adjustment are shown below.

Value Before Appeal		Value After Appeal	
RMV	\$200,000	RMV	\$175,000
MAV	\$185,000	MAV	\$185,000
AV	\$185,000	AV	\$175,000

In Example #2, the reduction of RMV to \$175,000 now makes it lower than the MAV of \$185,000. Since the lower of the RMV and MAV is now \$175,000, it becomes the new Assessed Value. The lower AV in turn lowers the tax as the tax is based on the AV.

Under the Oregon Constitution and Measure 50, properties with similar RMV's can have very different MAV's, even in the same subdivision. Similarly, two property owners with the same Real Market Value can each pay a different amount of tax. This is not a problem the BOPTA board can resolve. The evidence presented to the BOPTA board should relate to the value of the property and not the amount of tax. If the board reduces a value and it results in a decrease in the Assessed Value the tax will then be reduced.

When making your presentation at the BOPTA hearing focus on the Real Market Value of the property. This is the information that the board needs to make a decision. Provide information relating to sales of comparable properties. In addition, the more similar the sales are to your property and the closer those sales occurred to January 1, of the tax year, the better chance your case will succeed.