

Lane County, Oregon
eGovernment
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Property Tax Overview

Lane County Budget Committee

May 4, 2010

Anette Spickard Lane County Assessor



October 2009 Tax Roll Data

\$51.2 Billion Total Market Value

- Decline of 3.77% overall from 2008

\$48.8 Billion Market Value

- Decline of 3.85% overall from 2008

\$29.9 Billion Assessed Value

- Increase of 3.9% overall from 2008

\$25.6 Billion Taxable Value

- Increase of 4.3% from 2008

\$407 Million in taxes assessed

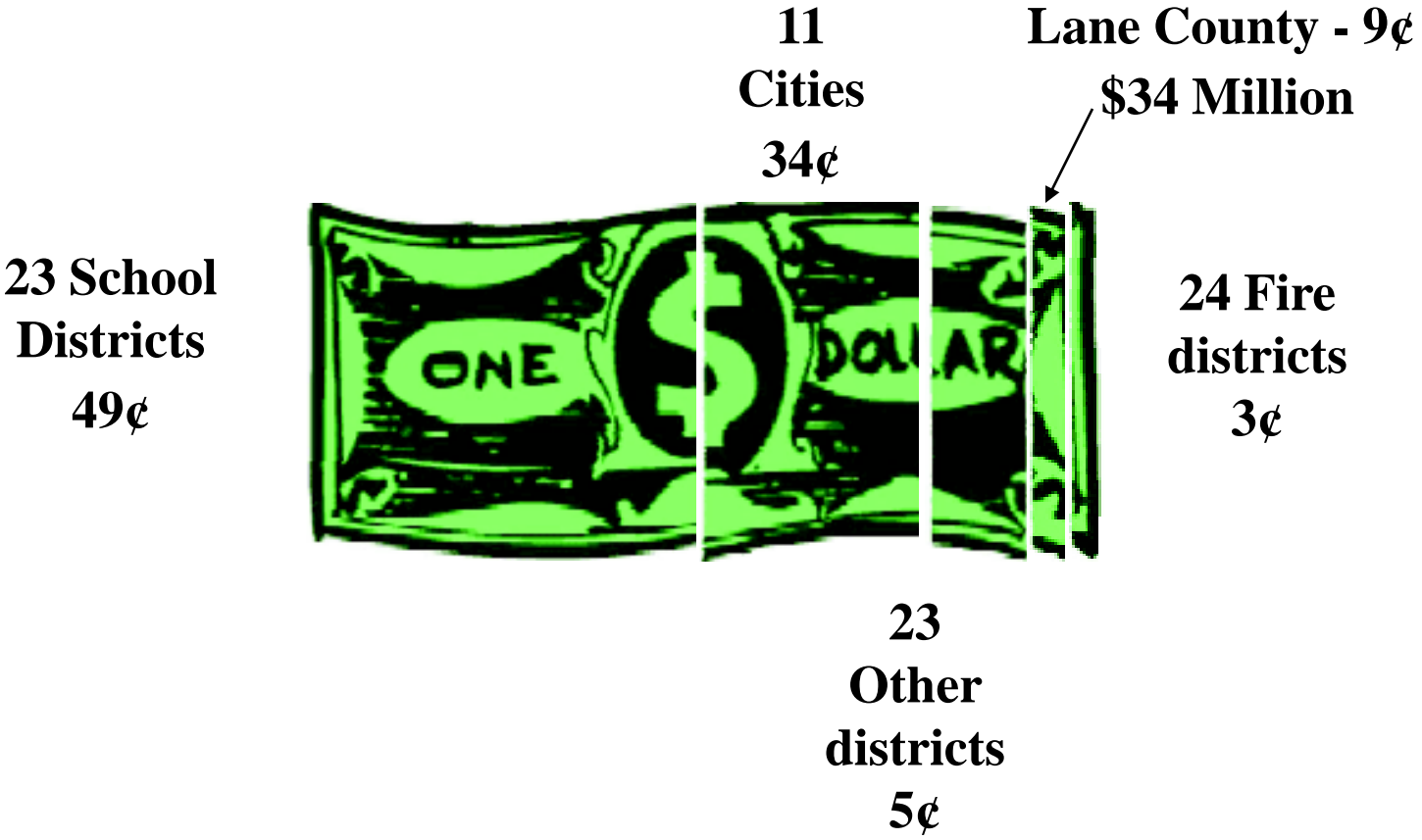
- Up 7.4% from 2008



Property types in Lane County

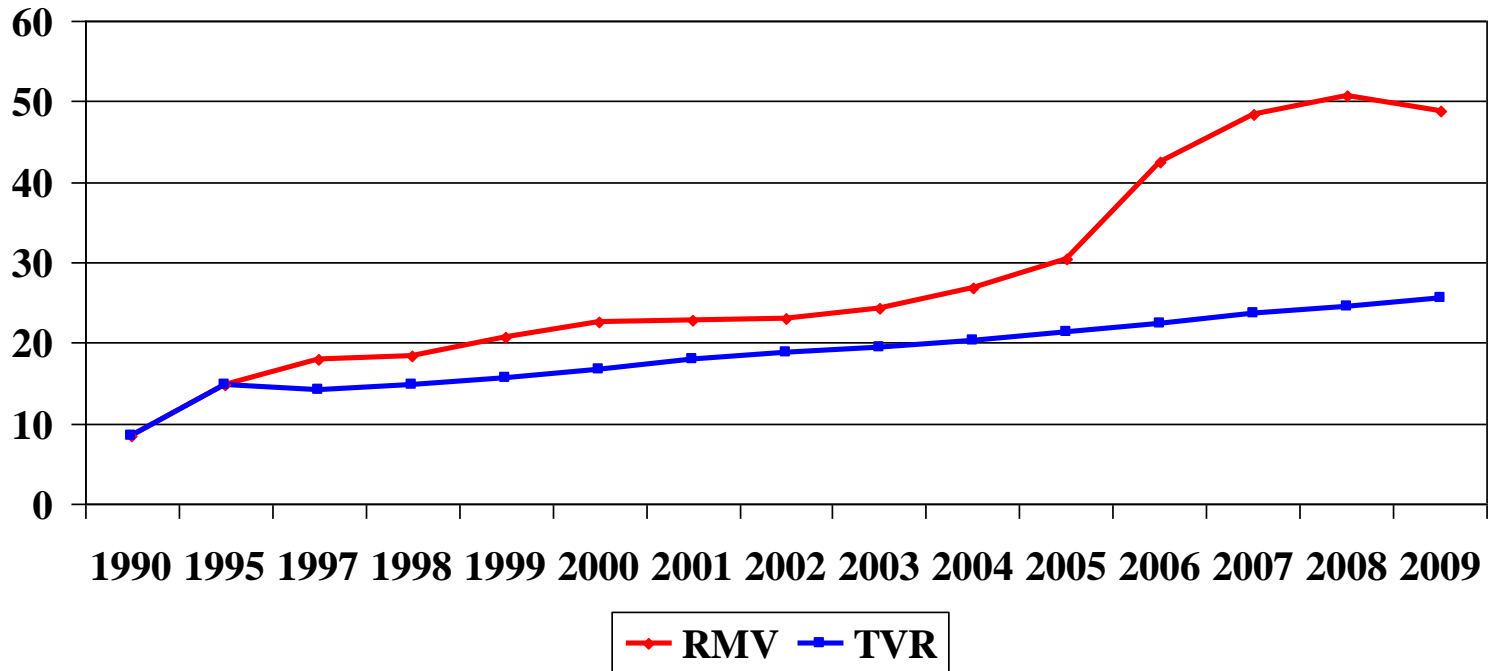
- 117,200 residential
- 20,000 farm/forest/specially assessed
- 14,000 manufactured homes
- 6,500 commercial
- 2,900 industrial (257 state appraised)
- 1,500 multi-family
- 1,900 utilities (centrally assessed)
- 13,000 wholly or partially exempt
- 2,000 miscellaneous
- 5,700 personal property accounts

\$407 million in prop tax for 2009-10

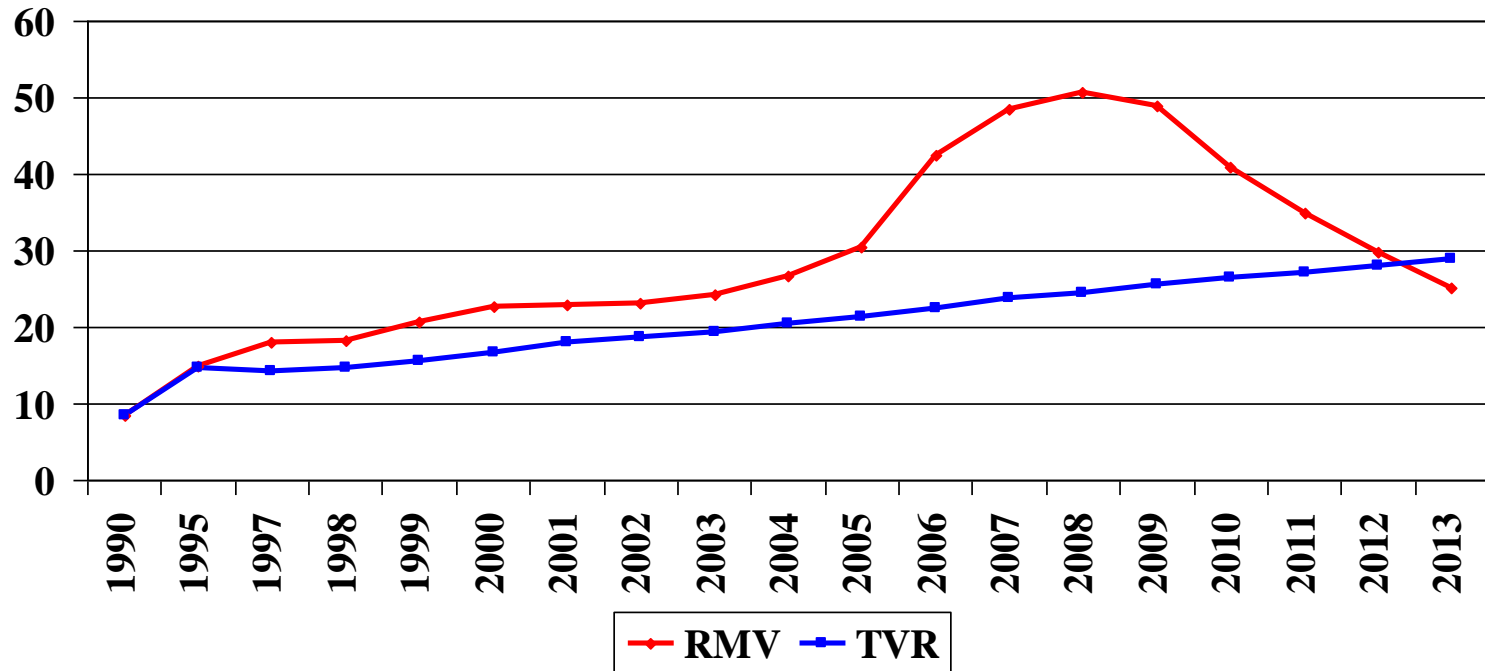


Current Value “Gap” for all properties combined

2009 Gap = 52.45%



The perfect storm....real estate market continues decline & private construction activity does not improve





The trends

- 95% of all properties in county will see market value declines this year.
- Another wave of jumbo loan and ARM resets are coming.
- 30% of sales in 2009 were short sales or bank owned properties.
- Commercial market is flat with very few sales. Declines possible when 5 year refinance window hits in 2011 due to tight credit market.



The trends

- The local industrial market weakened with lower sales prices in 2009 which will result in drops in taxable value.
- Large Industrial properties continue to receive value decreases from the Department of Revenue.
- National trend of “zombie” buildings may become an issue here.



The trends

- As market and assessed values come closer together, the “ratio” of assessed value will be higher.
- This ratio is the basis for setting the taxable value associated with new construction.
- A new house in 2007 was 56% taxable.
- A new house in 2011 will be closer to 70% taxable.



Measure 5 implications to county

- Measure 5 compression has been minimal, but expect to see it rise.
- Measure 5 created a tax “ceiling” of \$10 per \$1,000 of Real Market Value for Gen Gov’t.
- Actual tax is levied against the assessed value which is a lower amount for most properties.



Measure 50 impacts

- Most residential & commercial properties will have 3% increase in Maximum Assessed Value and will still have a taxable value lower than their market value in 2010.
- During the “boom real estate market”, Measure 50 protected property owners from spikes in taxes.
- During the slowdown of the real estate market, Measure 50 provides stability to district revenues.



2009 market for Jan 1, 2010 assessment date

- Sales volume is down
- Short sales and bank sales continue
- Site visits on building permits reveal more maintenance and small remodels over new construction.
- Credit crunch is a problem for commercial
- Effects of 2009 market will show on Oct 2010 tax statements.



Preliminary look at 2010 tax roll

- Residential values dropping, but not as dramatically as Bend or Prineville.
- Industrial and commercial drops.
- More properties will hit Measure 5 maximum of \$15 per 1,000 RMV.
- Less new construction to value to offset other decreases.
- Expect appeals to continue due to M50 effect of taxable value increase at a time when market has dropped.



Risks to county property tax revenue

- Drops in industrial & utility values due to economy equate to immediate drop in tax revenues.
 - RV Manufacturing
 - Wood Products
 - Communications companies
 - 20-30% decreases expected from DOR economic obsolescence adjustments.
 - 1/3 of DOR accounts received with a loss of \$23 Million in taxable value.

Other effects on property tax revenue

- Collection rate is stable
 - At 93.3% now with May payment due 5/17.
- Bankruptcies
 - Filings grew by 57% over prior year
- Comcast Appeal of DOR methodology
 - Potential \$1.9 Million refund from 2010-11 collections if DOR loses court case
- New Laws
 - Tax correction up to 5 years to repay
 - No tax on low value manufactured homes for next four years
 - Expanded logging equipment exemptions, etc.



Conclusions

- Economic indicators show slow recovery
- We historically lag country in recovery
- Credit crunch affecting investments
- Large scale construction projects are mostly for exempt properties
- Most permit activity is now remodel work
- Industrial sector slowdown will affect revenues
- Unemployment will affect home buying
- Legislature favoring “taxpayer fairness” laws in lieu of local gov’t funding.



Conclusions

- Property Tax projections should be conservative at this time – expecting 3% revenue growth at most for each of the next two years is best case until economy recovers.
- After May 15 payment deadline passes we will determine delinquencies and begin foreclosure processes.