



2009 PROPERTY TAX INFORMATION

Property values decline, but property taxes increase. Why?

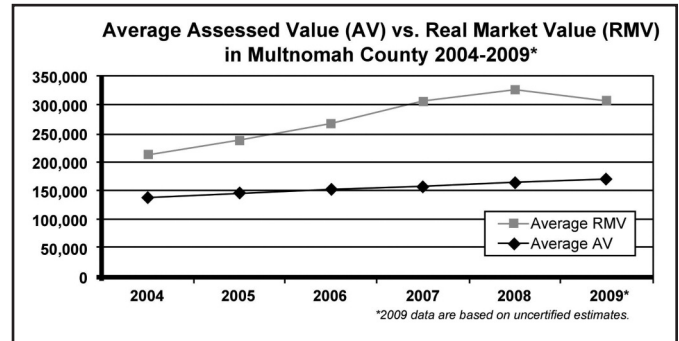
Throughout Multnomah County, the state of Oregon and across America, real property values have declined and sales have slowed considerably in recent years. Many homes are worth less than they were two or three years ago.

A natural question is: “Does my home’s decline in value mean my property taxes will decrease?” The short answer is “Probably not.” In the vast majority of cases in Oregon and Multnomah County, property taxes will increase in 2009 regardless of whether the price a particular home might sell for is up, down or unchanged.

Why will 2009 property taxes increase?

Taxes will increase for most homes in Multnomah County this year for two reasons:

- 1) Oregon’s Measure 50 limits property tax growth, but also restricts tax decreases
- 2) Voters approved new bonds and levies in November 2008



Measure 50

While a decline in the market may reduce a property’s Real Market Value (or RMV) taxes are generally based on the Assessed Value (or AV) of the property due to Measure 50. In most cases, assessed values are significantly lower than market values. Taxes will decline if Real Market Value falls below Assessed Value. Taxes are based on the lesser of the two amounts.

Passed by Oregon voters in 1997, Measure 50 increased the predictability of tax rate increases with slow steady growth in property taxes uninfluenced by sharp fluctuations in real estate values. Conversely, under this system, taxes are far less likely to decrease when property values decrease.

Real Market Values represent the estimated sale value of the property as of the previous January 1. Market values in a few areas increased last year while most remained static or declined.

Measure 50 provided that the “Assessed Value” shall increase 3% (but not more) each year, with some exceptions. Some examples of exceptions are the addition of a new structure, major improvement of an existing structure, or subdivision/partition of the property.

In addition, taxes increase when new bonds or levies are approved by voters. For most Oregonians, property taxes will continue to increase 3% each year, plus whatever bonds or levies are approved in their particular area, including cities, school districts, etc. and minus any expiring bonds or levies.

Voter-approved measures

Three measures were approved by voters in November 2008 that will result in the following tax increases for most Multnomah County residents based on a 2009 countywide average assessed home value of \$169,927:

- City of Portland Children’s Investment Fund: \$68.41
- Portland Community College Bonds: \$55.91
- Metro Zoo Bonds: \$15.29