



**Program #72033 - DART Commercial Property Appraisal**

2/18/2016

**Department:** County Management                      **Program Contact:** Rick Teague  
**Program Offer Type:** Existing Operating Program                      **Program Offer Stage:** As Requested  
**Related Programs:**  
**Program Characteristics:** In Target

**Executive Summary**

The Commercial Property Appraisal Program, within the Division of Assessment, Recording and Taxation (DART), is responsible for valuing and appraising all commercial, small and large multi-family property. Commercial property represents 19% of the total taxable assessed value upon which taxes are calculated and levied for the benefit of all Multnomah County taxing districts.

**Program Summary**

This program is responsible for maintaining Real Market Value and Maximum Assessed Value on about 23,700 commercial and multifamily properties. Staff physically inspects and appraises 900 properties annually due to permits having been issued for new construction, remodeling or renovation.

Under Measure 50, such appraisals add new value for taxing districts beyond the statutorily required 3% increase in Maximum Assessed Value. Appraisals are also performed to defend values under appeal; and to verify that sales of property are valid market-based transactions that can be used to adjust automated valuation models, to appraise other property, and to generate the annual Ratio Report that measures the effectiveness of the program. This program primarily contributes to the fair and accurate appraisal of commercial property as required by the Oregon Revised Statutes (ORS).

Maintaining accurate Real Market Values on all property directly affects the maximum bonding capacity and general obligation bond tax rates for all applicable taxing districts in the County. This program ensures that all commercial property is valued in accordance with the law, which maximizes property tax revenues to fund programs for the County and other jurisdictions. Property taxes account for approximately 61% of the County's General Fund revenues.

Various computer and online tools are used to maximize appraisal effort. Focus is on discovery of new taxable property and resolving value appeals to minimize cost to taxpayers. Accurate values maximize the level of tax assessment allowed under Measure 5 and Measure 50 tax limitation measures.

**Performance Measures**

Measure Type	Primary Measure	FY15 Actual	FY16 Purchased	FY16 Estimate	FY17 Offer
Output	Accounts Appraised	880	950	910	930
Outcome	New Taxable Exception Value in Millions	\$1,864	\$900	\$1,800	\$1,200
Efficiency	% Automated Recalculation	13%	20%	13%	15%
Outcome	% Market Groupings with COD Compliance	97%	85%	85%	85%

**Performance Measures Descriptions**

Oregon law requires property appraisals to be at 100% of Market Value as of January 1 of each year within standards established by the Oregon Department of Revenue (DOR). One of the primary standards is a statistical measure called the Coefficient of Dispersion (COD). Failure to meet these standards can result in loss of CAFFA grant revenue and program control. The DOR annually reviews compliance through three required reports: The Assessor's Certified Ratio Study, the Assessor's Appraisal Plan and the CAFFA Grant application.

## Legal / Contractual Obligation

Oregon Revised Statutes (ORS) Chapters 92, 205, 294, 305, 306, 307, 308, 308A, 309, 310 and 321 and related Oregon Administrative Rules regulate virtually all aspects of the assessment and property tax calculation process. ORS 306.115 assigns statewide general supervision of the property tax system to the Oregon Department of Revenue (DOR). Through the County Assessment Function Funding Assistance (CAFFA) Grant process described in ORS 294.175, the DOR determines the acceptable level of staffing. The DOR has determined that DART staffing is at the minimally acceptable level to perform their functions. Any reduction to this program may jeopardize this grant revenue.

## Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2016	2016	2017	2017
Personnel	\$1,570,997	\$0	\$1,648,123	\$0
Contractual Services	\$30,500	\$0	\$30,500	\$0
Materials & Supplies	\$75,636	\$0	\$85,901	\$0
Internal Services	\$227,674	\$0	\$232,354	\$0
<b>Total GF/non-GF</b>	<b>\$1,904,807</b>	<b>\$0</b>	<b>\$1,996,878</b>	<b>\$0</b>
<b>Program Total:</b>	<b>\$1,904,807</b>		<b>\$1,996,878</b>	
<b>Program FTE</b>	14.75	0.00	15.00	0.00

Program Revenues				
Intergovernmental	\$433,544	\$0	\$434,596	\$0
<b>Total Revenue</b>	<b>\$433,544</b>	<b>\$0</b>	<b>\$434,596</b>	<b>\$0</b>

## Explanation of Revenues

Participation in the Oregon Department of Revenue County Assessment Function Funding Assistance (CAFFA) Grant provides reimbursement of approximately 25% of Assessment & Taxation program expenditures; Grant amounts vary depending upon the overall state-wide CAFFA pool and the allocated percentage to each participating county. Multnomah County's total annual share of CAFFA is estimated at \$3,624,656 for FY 2017, with \$434,596 allocated to DART Commercial Appraisal Program. Remaining Program support is provided by General Fund revenues.

## Significant Program Changes

**Last Year this program was:** FY 2016: 72033-16 DART Commercial Property Appraisal

Added new Property Appraiser 2 position with existing resources for appeals management and coordination. Position is split between Industrial Appraisal 72032 (.40 FTE) and Commercial Appraisal 72033 (.60 FTE). Reallocated .35 FTE Chief Appraiser position to other Appraisal programs. Net increase of .25 FTE from FY 2016 to FY 2017