

Department: County Management **Program Contact:** John Botaitis
Program Offer Type: Existing Operating Program **Program Offer Stage:** As Adopted
Related Programs:
Program Characteristics:

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 20,600 commercial and multifamily properties. Staff physically inspects and appraises 1,500 properties annually due to permits having been issued for new construction, remodeling and renovation, but can vary depending on yearly special project assignments.

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 60% 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 | FY18 Actual | FY19 Purchased | FY19 Estimate | FY20 Offer |
| Output | Accounts Audited (Property Inspections Completed In ORION) | 2922 | 1500 | 1800 | 1500 |
| Outcome | New Exception Value in Millions | \$2,879 | \$2,000 | \$2,000 | \$2,000 |
| Efficiency | % Accounts on Automated Recalculation (Accounts Pointed To An Automated Valuation Model) | 4.64% | 11.5% | 11.5% | 15% |
| Outcome | % Market Groupings with COD Compliance | 78% | 85% | 85% | 85% |

Performance Measures Descriptions

A new DART database program required an update of the performance measures. Oregon law requires property to be at 100% of Market Value as of January 1. A primary standard is a statistical measure called the Coefficient of Dispersion (COD). Failure to meet DOR standards can result in loss of the CAFFA grant and program control. The DOR annually reviews compliance through three required reports: The Ratio Study, the 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. Current DART staffing is minimally adequate to perform statutory functions. DOR staffing guidelines, however, indicate a deficiency in FTE appraisal staff which precipitated a reallocation of 4 positions to Appraiser 1s. Any reduction to this program may jeopardize the grant revenue.

Revenue/Expense Detail

| | Proposed General Fund | Proposed Other Funds | Proposed General Fund | Proposed Other Funds |
|------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Program Expenses | 2019 | 2019 | 2020 | 2020 |
| Personnel | \$1,850,364 | \$0 | \$1,869,121 | \$0 |
| Contractual Services | \$500 | \$0 | \$1,175 | \$0 |
| Materials & Supplies | \$100,732 | \$0 | \$72,051 | \$0 |
| Internal Services | \$215,407 | \$0 | \$254,735 | \$0 |
| Total GF/non-GF | \$2,167,003 | \$0 | \$2,197,082 | \$0 |
| Program Total: | \$2,167,003 | | \$2,197,082 | |
| Program FTE | 15.25 | 0.00 | 14.50 | 0.00 |

| Program Revenues | | | | |
|----------------------|------------------|------------|------------------|------------|
| Intergovernmental | \$481,731 | \$0 | \$425,097 | \$0 |
| Total Revenue | \$481,731 | \$0 | \$425,097 | \$0 |

Explanation of Revenues

Participation in the Oregon Department of Revenue County Assessment Function Funding Assistance (CAFFA) Grant provides reimbursement of approximately 21% 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 \$3,627,108, with \$425,097 allocated to DART Commercial Property Appraisal Program. Remaining Program support is provided by General Fund revenues.

Significant Program Changes

Last Year this program was: FY 2019: 72033-19 DART Commercial Property Appraisal

Reduced Program 72033 DART Commercial Property Appraisal from 15.25 FTE to 14.50 FTE.

Moved 1.0 FTE position 712352 Property Appraiser 2 to 72034 Residential program; Changed allocation of Chief Appraiser position 712355 from 0.25 FTE to 0.50 FTE. Net Change (0.75 FTE).