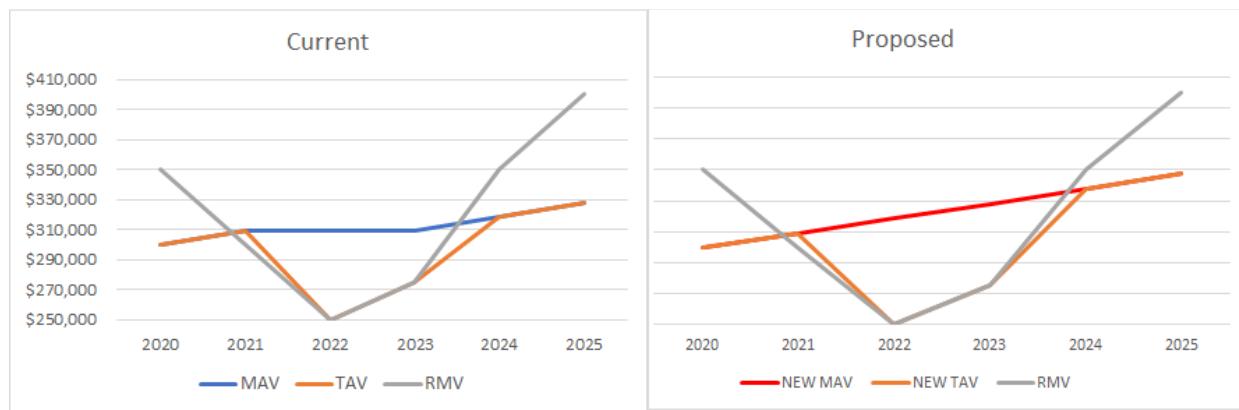


Support SB 712

Problem: Oregon's current property tax assessment system, particularly the Maximum Assessed Value (MAV) calculation, creates instability in local government revenue. When real market values (RMV) decline, Taxable Assessed Value (TAV) follows, reducing tax revenue. However, when RMV recovers, the MAV, which is capped, lags behind due to lost annual growth, hindering revenue recovery and placing increased strain on state general funds for essential services like education and public safety. This flawed system disproportionately impacts local communities and creates unpredictable funding for critical services.

Proposed Solution: Senate Bill 712 addresses this issue by simplifying and modernizing the property tax assessment system through the following key revisions:

- Consistent Annual Growth of Maximum Assessed Value:** The bill mandates a consistent annual increase of three percent in the Maximum Assessed Value (MAV). This ensures that the MAV keeps pace with inflation and market fluctuations, allowing local governments to recover revenue as the real estate market rebounds. This predictable growth stabilizes funding for essential local services without imposing excessive tax burdens during economic downturns, as TAV remains tied to the lower RMV.
- Clarification of Assessment Rules:** SB 712 clarifies the rules for determining both the Maximum Assessed Value (MAV) and Taxable Assessed Value (TAV). This simplification makes the system easier to understand for property owners and more efficient for administrators, reducing confusion and potential errors.



Benefits:

- Revenue Stability for Local Governments:** The consistent annual growth of MAV provides a stable and predictable revenue stream for local governments, ensuring consistent funding for schools, public safety, and infrastructure.

- **Reduced Reliance on State General Funds:** By enabling local governments to recover revenue as the market improves, SB 712 reduces the need for increased state general fund allocations to backfill local funding gaps, freeing up state funds for other critical needs.
- **Fairness for Property Owners:** The bill ensures that property owners are not unfairly burdened with excessive taxes while also preventing them from benefiting from an artificially low MAV that does not reflect market recovery. The TAV remains tied to the lower RMV during downturns, providing tax relief when needed.
- **Simplified and Transparent System:** The clarification of assessment rules makes the system easier for both property owners and administrators to understand and navigate, fostering transparency and trust.
- **Modernization of Assessment Practices:** By aligning MAV growth with inflation and market trends, SB 712 modernizes Oregon's property tax assessment system, making it more responsive to economic realities.

Conclusion: Senate Bill 712 provides a balanced and effective solution to the current challenges in Oregon's property tax assessment system. By ensuring consistent growth in MAV and clarifying assessment rules, this bill promotes revenue stability for local governments, reduces reliance on state funds, and ensures fairness for property owners. We urge your support for this crucial legislation to modernize and strengthen Oregon's property tax system.

Respectfully,



CITY OF **Wood**
Village

AOC
ASSOCIATION OF
OREGON COUNTIES

