Multnomah County
www.co.multnomah.or.us

## Program # 70018 - Property Assessment-Commercial (A&T) — Version 6/13/2005 s

| | | | |
|---|---|---|---|
| **Priority:** | Accountability | **Lead Agency:** | Finance Budget & Tax |
| **Program Offer Type:** | Existing Operating | **Program Contact:** | Dave Boyer |
| **Related Programs:** | 70015, 70017, 70019, 70020A, 70021 | | |
| **Frameworks:** | | | |

## Executive Summary

The Property Assessment-Commercial Program is responsible for valuing and appraising all commercial use real property which represents twenty percent of the total taxable assessed value upon which taxes are calculated and levied for the benefit of all Multnomah County taxing districts.

## Program Description

This program is responsible for maintaining Real Market Value and Maximum Assessed Value on all 36,862 commercial and large multi-family properties. It appraises 1,200 to 1,440 properties annually due to permits for new construction, remodeling or renovation. In compliance with the most recent tax limitation law, Measure 50, the appraisers calculate the new value added to the properties, which adds assessed value for taxing districts beyond the statutorily required 3% increase in the Maximum Assessed Value. The appraisers also perform appraisals in order to defend values under appeal. The commercial appraisers inspect sold properties to verify whether the sales represent open market transactions that can then be used as the basis for other appraisals and in the Ratio Study, which assists in measuring the effectiveness of the program.

## Program Justification

This program contributes to the Accountability Priority by appraising commercial property accurately and fairly as required by the Oregon Revised Statutes. 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 also contributes to all other County priorities by ensuring that commercial property is valued in accordance with the law which maximizes property tax revenues to fund programs.

## Performance Measures

Oregon law requires property appraisals to be at 100% of Market Value as of January 1st of each year. This is measured in the annual “Ratio Study”, an internal report which compares selling prices to appraised values. The Dept. of Revenue expects the statistical measure, called the co-efficient of dispersion, of the sales price to appraised market value will be less than 15 for commercial and 12 for apartments. The lower the number, the greater the odds that the majority of appraisals are correct.

## Summary of last year's program results and this year's expected results

Five out of nine commercial neighborhoods had a co-efficient of dispersion of 15 or lower, an improvement over FY04 where all neigborhoods exceeded 15. Four out of Five multi-family appraisal neighborhoods had a co-efficient of dispersion of 12 or lower. Continued improvement is expected for FY 06.

## Program Mandate: 2 Mandated Program with Funding/Service Level Choice

Oregon Revised Statutes 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 Dept. of Revenue (DOR). The DOR determines the acceptable level of Assessment & Taxation staffing. They have determined that the A&T divisions are already at the minimally acceptable staffing level needed to perform its function. 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** | 2005 | 2005 | 2006 | 2006 |
| Personnel | $1,095,125 | $0 | $781,079 | $0 |
| Contracts | $15,500 | $0 | $27,950 | $0 |
| Materials & Supplies | $23,815 | $0 | $18,878 | $0 |
| Internal Services | $38,439 | $0 | $162,232 | $0 |
| Subtotal: Direct Exps: | **$1,172,879** | **$0** | **$990,139** | **$0** |
| Administration | $0 | $0 | $65,207 | $0 |
| Program Support | $0 | $0 | $231,133 | $0 |
| Subtotal: Other Exps: | **$0** | **$0** | **$296,340** | **$0** |
| Total GF/non-GF: | **$1,172,879** | **$0** | **$1,286,479** | **$0** |
| Program Total: | **$1,172,879** | | **$1,286,479** | |
| Program FTE | 0.00 | 0.00 | 9.00 | 0.00 |
| **Program Revenues** | | | | |
| Intergovernmental | $500,000 | $0 | $500,000 | $0 |
| Program Revenue for Admin | $0 | $0 | $125,725 | $0 |
| **Total Revenue:** | **$500,000** | **$0** | **$625,725** | **$0** |

## Explanation of Revenues

This program is supported by General Fund revenues. Through participation in the State funded "County Assessment Function Funding Account" (CAFFA) approximately 35% of expenditures are reimbursed.

## Significant Program Changes

Current service level budget. FY05 continues the plan to move all commercial properties to a table driven appraisal method versus typical trending/indexing. In FY04 nearly ¼ of commercial-use land was assigned to computer-driven valuation tables. Progress was made in converting small commercial-use properties to a cost-based, marketized calculation method. Appraisal assignments and studies are now organized by property use type and converted existing land values to standardized tables. This process will be continued by performing income studies, developing income valuation tables, and establish benchmark properties for each market related appraisal grouping identified to be used in future appraisal ratio studies and as a test for the calculation tables developed. A small reorganization moved the locally assessed Industrial Program from a commercial supervisor to the personal property supervisor. The major changes in this program are the transfer of building management and IT related fees that were previously budgeted in division's administration budget as well as Finance and Human Resources Operations now spread to the programs it supports. The transfer of charges amounts to a net increase of approximately $123,000.