Multnomah County
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Program # 72033 - A&T-Property Assessment - Commercial

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Priority:	Accountability	**Lead Agency:**	County Management
Program Offer Type:	Existing Operating	**Program Contact:**	Kathy Tuneberg
Related Programs:	72026, 72027, 72032, 72034, 72035, 72036, 72037		

Program Characteristics:

Executive Summary

The Property Assessment-Commercial Program is responsible for valuing and appraising all commercial, multi-family, and industrial-use real property. Commercial property represents 30% 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 26,573 commercial, multi-family, and industrial properties. Staff physically inspects and appraises 1,500 to 1,800 of properties annually due to permits having been issued for new construction, remodeling or renovation. Under Measure 50, these appraisals add new value for taxing districts beyond the statutorily required 3% increase in Maximum Assessed Value. Appraisers also perform appraisals to defend values under appeal. They inspect properties to verify whether the sales represent open market transactions that can then be used as the basis for other appraisals and for the annual Ratio/Recalculation Report that measures 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 (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 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. Property taxes account for approximately 65% of the County's General Fund revenues. Newly converted automated appraisal models are used to increase efficiency. Focus is on discovery of new taxable property and resolving value appeals to minimize cost to taxpayers. Use of various computer and online tools maximize appraisal efforts. Accurate values maximize the level of tax assessment allowed under Measure 5 and Measure 50 tax limitation measures. The accounts appraised per appraiser has increased as resources are aligned with goals to achieve maximum allowable taxes using minimum staff necessary through automation, innovation, and focus on core issues.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	Accounts Appraised	1,743	1,300	1,300	1,300
Outcome	New Taxable Exception Value	851,103,461	530,000,000	600,000,000	600,000,000
Efficiency	% Automated Recalculation	22.0%	30.0%	25.0%	30.0%
Outcome	% Market Groupings with COD Compliance	53.0%	65.0%	60.0%	60.0%

Performance Measure - Description

Oregon law requires property appraisals to be at 100% of Market Value as of January 1st 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 County Assessment Function Funding Account (CAFFA) grant revenue and program control. The Department of Revenue (DOR) annually reviews compliance through two reports submitted: The Assessors Certified Ratio Study and the Assessors Appraisal Plan. The DOR's most recent review in 2006 determined that we are in compliance with standards. An estimate made regarding new taxable value from Measure 50 exceptions is speculative due to the difficulty in predicting market forces.

Legal/Contractual Obligation

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 Dept. of Revenue (DOR). Through the "County Assessment Function Funding Account" (CAFFA Grant) process described in ORS 294.175 the DOR determines the acceptable level of assessment and taxation staffing. The DOR has determined that A&T is already at the minimally acceptable staffing level to perform their 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	2007	2007	2008	2008
Personnel	$887,636	$0	$988,475	$0
Contracts	$29,257	$0	$30,936	$0
Materials & Supplies	$18,920	$0	$18,582	$0
Internal Services	$136,815	$0	$157,605	$0
Subtotal: Direct Exps:	**$1,072,628**	**$0**	**$1,195,598**	**$0**
Administration	$73,160	$695	$82,549	$273
Program Support	$288,350	$0	$309,704	$0
Subtotal: Other Exps:	**$361,510**	**$695**	**$392,253**	**$273**
Total GF/non-GF:	**$1,434,138**	**$695**	**$1,587,851**	**$273**
Program Total:	**$1,434,833**		**$1,588,124**	
Program FTE	10.00	0.00	11.00	0.00
Program Revenues				
Intergovernmental	$500,000	$0	$500,000	$0
Program Revenue for Admin	$116,515	$0	$125,128	$0
Total Revenue:	**$616,515**	**$0**	**$625,128**	**$0**

Explanation of Revenues

Through participation in the State funded CAFFA Grant approximately 35% of actual expenditures are reimbursed with remaining support coming from General Fund revenues.

Significant Program Changes

Last year this program was: #72027, A&T-Property Assessment - Commercial
FY08 continues the appraisal plan to move commercial properties to a table-driven automated appraisal method versus typical trending/indexing. Multnomah County is the first county in the state to use this innovative process, which will be continued by performing income studies, developing income valuation tables, and establishing 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. Progress has been slowed by the assignment of resources to meet new statewide property classification reporting requirements. It is not expected or appropriate that 100% of properties be valued using automated methods; however, as more properties are automated, the percentage of market areas within COD compliance (Measure 4) is expected to increase. One Appraiser 1 position was reassigned from Personal Property Appraisal to Commercial Appraisal as part of this program plan.