

Property Tax Limitations Demystified

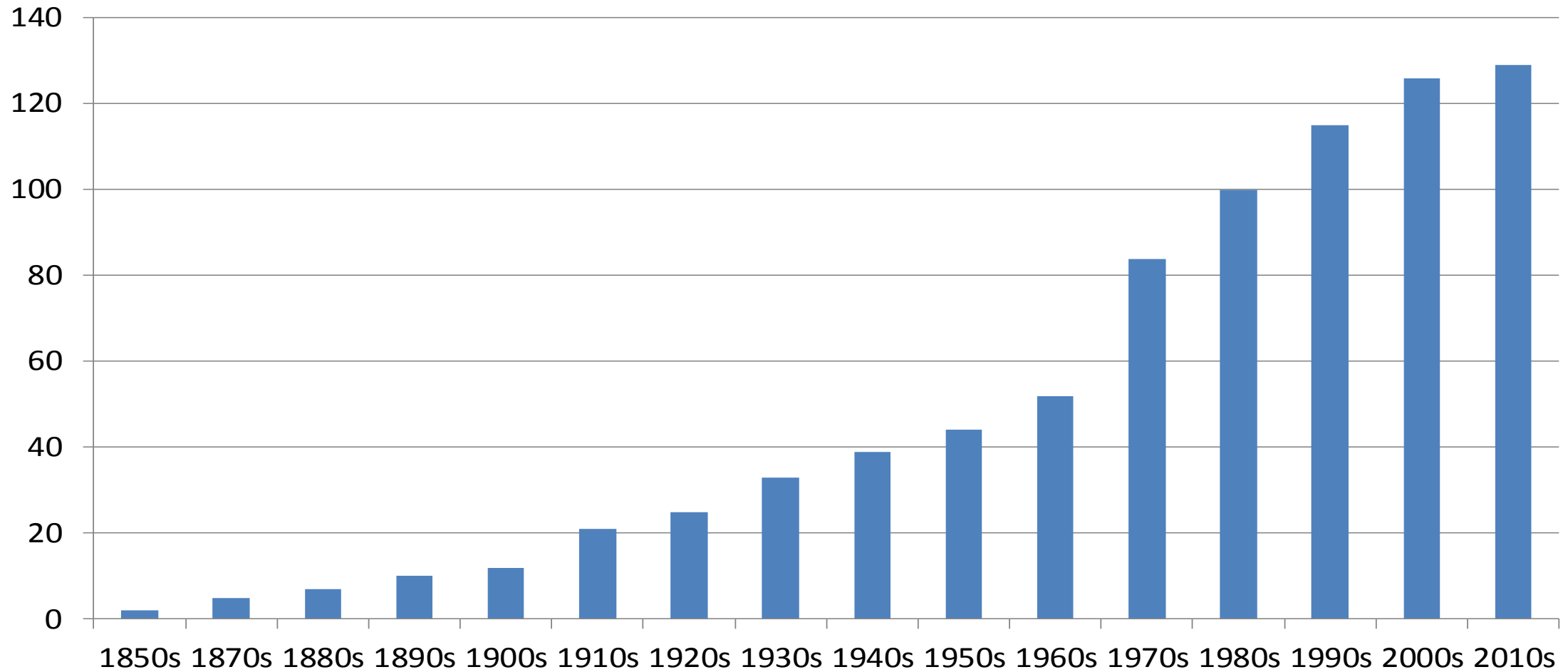
Bethany Paquin, Research Analyst
Lincoln Institute of Land Policy

International Association of Assessing Officers
83rd Annual Conference on Assessment Administration
Las Vegas, NV
September 25, 2017



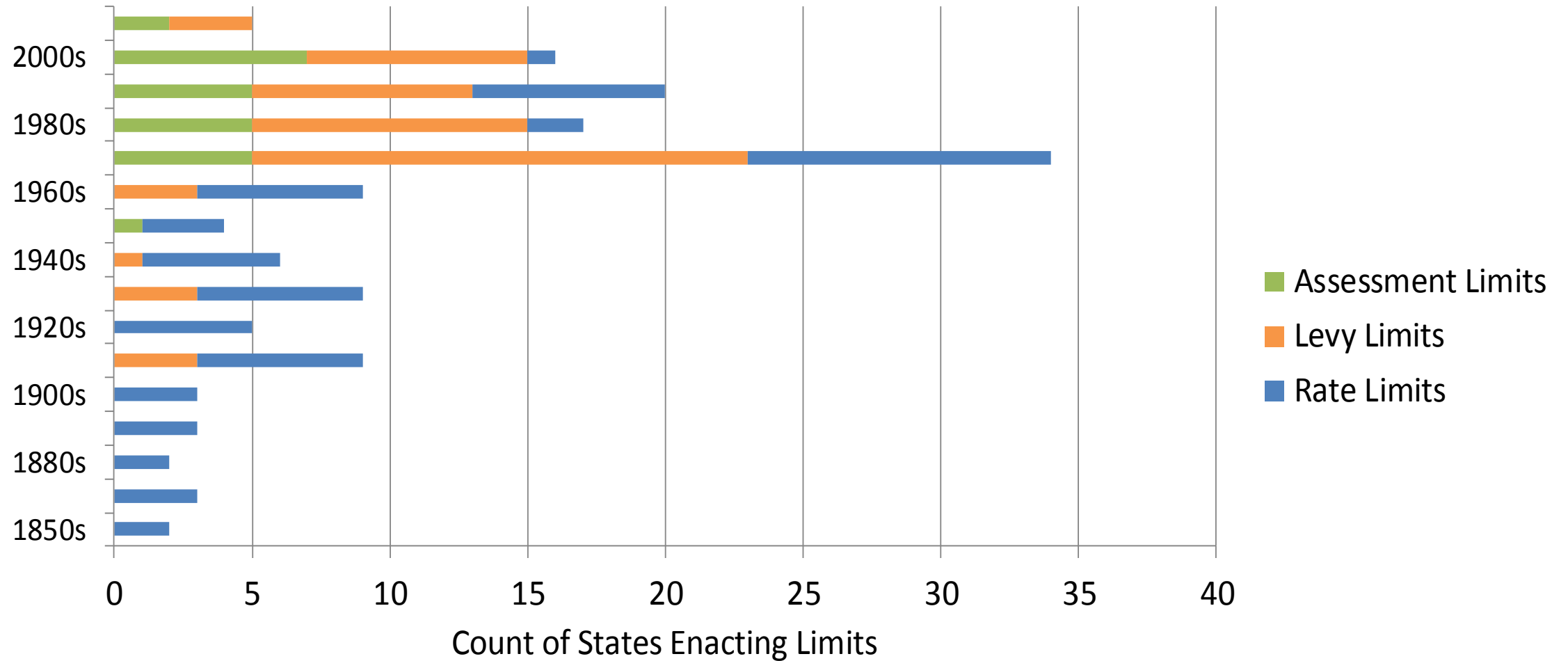
A Brief History

Cumulative State-Imposed Property Tax Limitations by Decade, 1850s to 2010s



Source: Paquin 2015

State-Imposed Property Tax Limit Enactments by Decade, 1850s to 2010s



Source: Paquin 2015

Key Property Tax Terms

rate limit, for property tax. A legal limit on property tax rates so that they are either frozen or tied to an index or formula.

levy limit. A legal limit on the amount of revenue raised by the property tax or on the rate of growth in property tax revenues.

assessment limit. A legal limit on annual increases in assessed values that either freezes such values or ties increases to an index or formula.

State-by-State Property Tax at a Glance Video Demo

Tax Limitation Information in State-by-State Property Tax at a Glance



Interactive tax limitation maps and charts



Glossary of general and state-specific tax limit terms

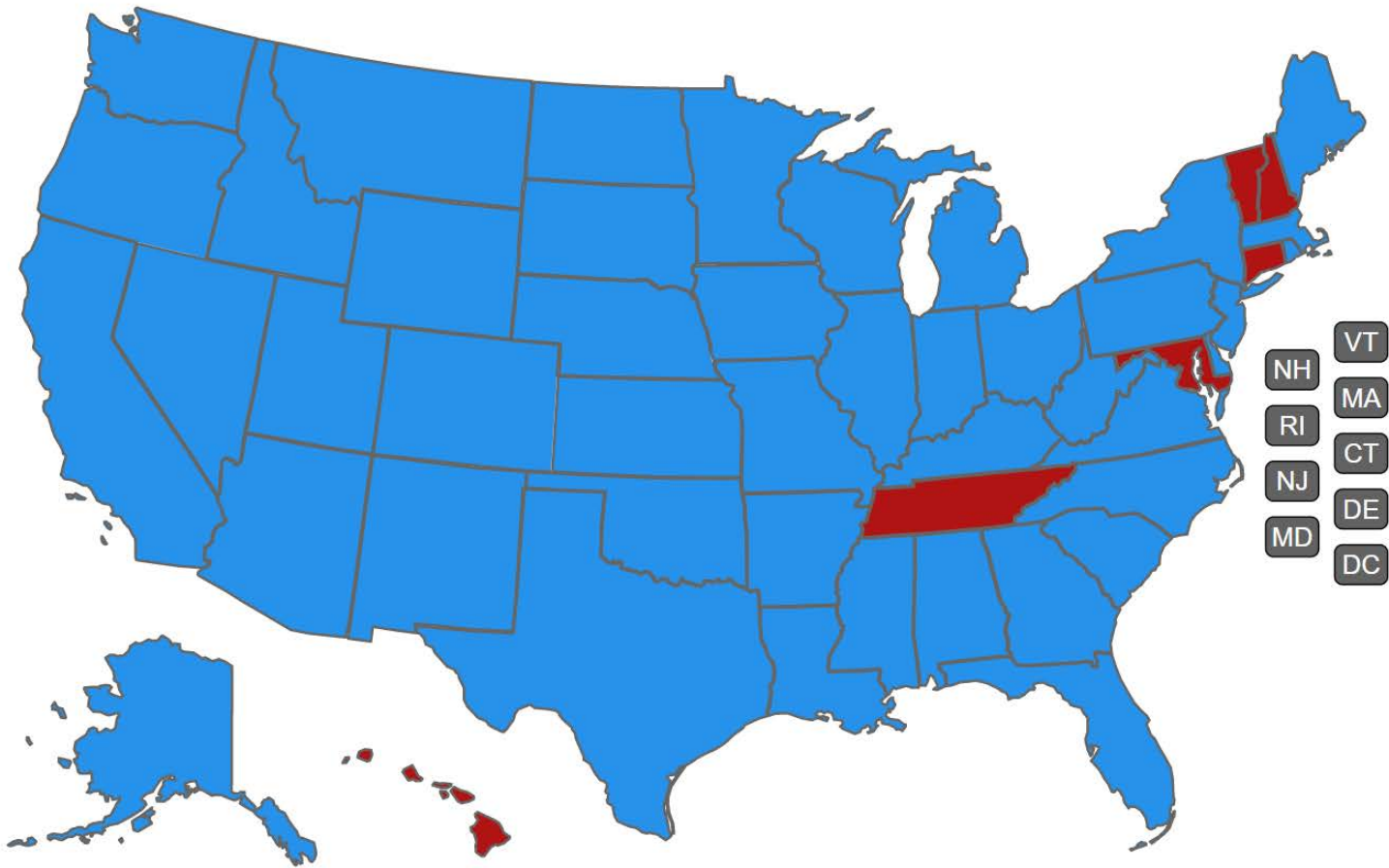


Simple narrative explanation of complex state tax caps

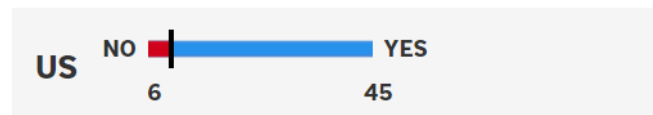


Links to tax limitation reports, documents, and media

Now Viewing: Limits on property tax rates or levies, 2013



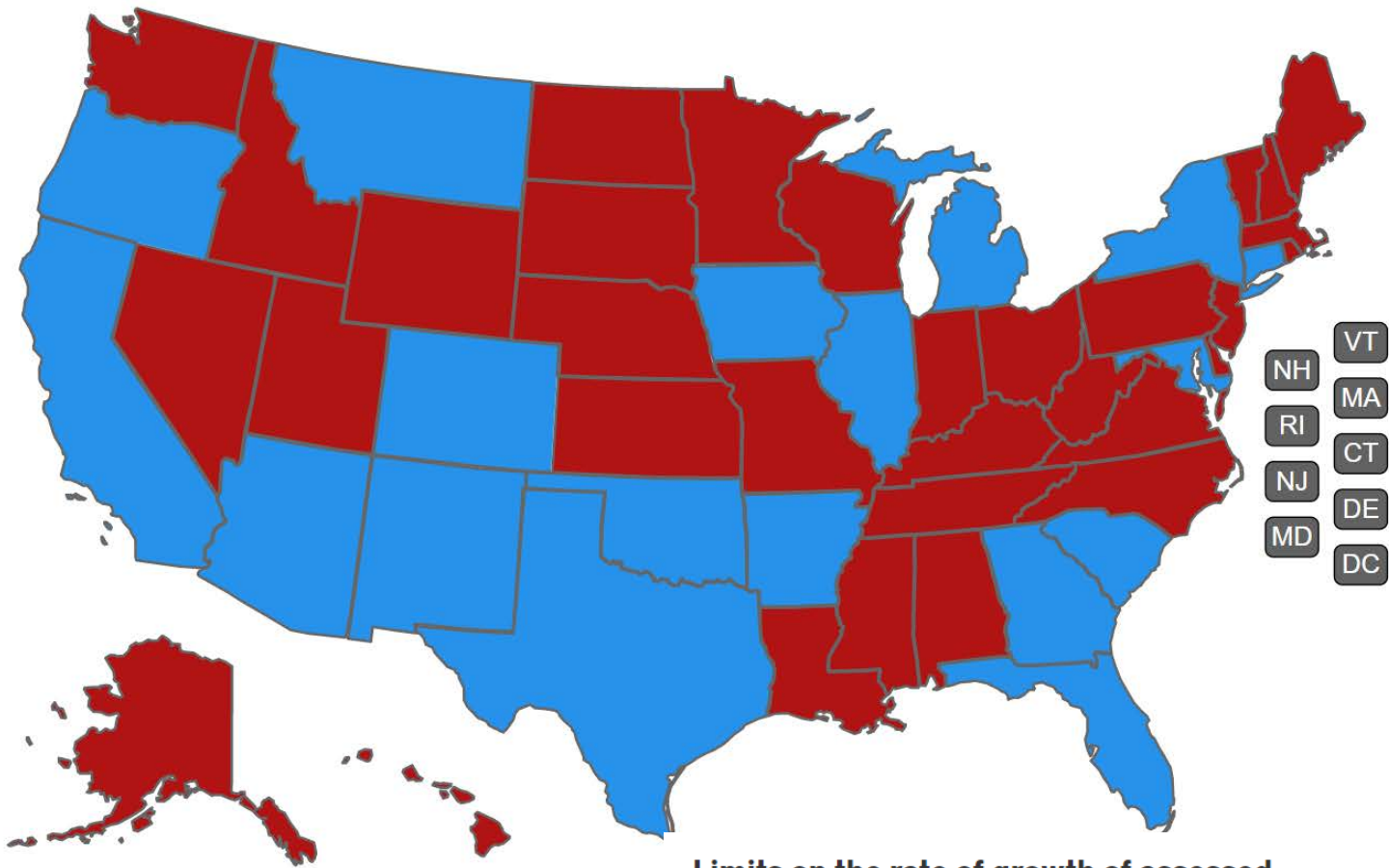
Limits on property tax rates or levies



45

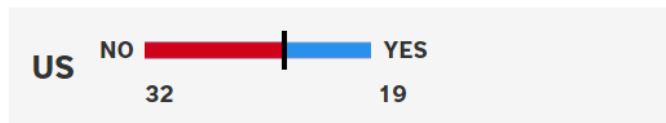
states limit the property tax rate or levy

Now Viewing: Limits on the rate of growth of assessed value, 2013



- NH
- RI
- NJ
- MD
- VT
- MA
- CT
- DE
- DC

Limits on the rate of growth of assessed value



19

states limit the rate of growth of assessed value

Downloadable State Narratives

LINCOLN INSTITUTE OF LAND POLICY

Oregon

Highlights

Oregon's property tax system has been transformed by the use of the ballot initiative during the 1990s. Combined, Ballot Measures 5, 47, and 50 have imposed limits on property taxes and the speed by which assessed values can adjust between years. One effect of these measures has been to make Oregon's property tax system one of the most complex in the United States.

Oregon is one of five states (along with Alaska, Delaware, Montana, and New Hampshire) that do not impose a general sales tax. As a result, the state is highly reliant on the personal income tax. At the local level, sales taxation is limited primarily to the taxation of public utilities, and there is no personal income tax. Hence, local governments are highly reliant on state aid and local property taxes, which combined provide 63 percent of local general revenue (Figure OR-1).

Figure OR-1
Sources of Local General Revenue, Oregon and U.S., 2013

Source	OR (%)	U.S. (%)
Property Tax	30%	30%
Sales Tax	2%	7%
Income Tax	0%	2%
Other Tax	4%	2%
State Aid	33%	22%
Federal Aid	7%	5%
Charges	16%	18%
Other Own Source Revenue	5%	5%

Source: U.S. Census via Significant Features of the Property Tax

Significant Features of the Property Tax State-by-State Property Tax at a Glance

...es were 3.3 percent of personal income, compared to 3.2 percent
...h) highest among the states. State and local per capita property
...the national average (table OR-1).

...tics, 2013¹

	Oregon	U.S. Average	Rank (of 51)
Income	\$1,284	\$1,441	27
State-local revenue	3.3%	3.2%	19
Per-capita income	\$238,000	\$176,700	24
Owner-occupied home ²	\$2,467	\$2,107	16
Unimproved home ³	1.0%	1.2%	25

...the state government as well as local governments.
...ed home value and median real estate taxes paid for owner-occupied home
...2009–2013.

ent

...ounty level and are limited by Ballot Measure 50, as described
...below (table OR-2). Revaluation is done annually, and there is no
...property used in a business is taxed, but business inventories are

...e 5 to 55 per \$1,000 of real market value for school taxes and \$10
...general government operations. Real market value is Oregon's term
...to put to a vote are exempt from these limitations.

...limit. Due to Measure 50, there is now a distinction between
...tion which the property tax is levied, maximum assessed value, and
...value is the lower of real market value and maximum assessed
...value is limited to 3 percent per year.

Property Tax State-by-State Property Tax at a Glance

...d in 1997, the assessed value of each property was rolled back to 90
...of 1995 through 1996. The original assessed value for new construction
...value multiplied by the ratio of assessed value to real market value of
...completion. Significant structural changes (such as additions) are added
...anner. Importantly, property is not reassessed when it changes

...ults of Oregon's transformed property tax system is that similar
...other can be subject to very different property tax bills.

...is the lower of two items that can grow or decline at different rates,
...changes can result. As one example, consider a property owner in a
...arket value is plummeting and for whom maximum assessed value is
...The property tax in this case will be based on maximum assessed value.
...rises 3 percent per year, property tax due can increase even when the

...ty for which real market value is less than maximum assessed value.
...on real market value. If real market value increases by 10 percent (and
...ted value), property taxes can increase by 10 percent. This can seem
...in maximum assessed value cannot exceed 3 percent.

...ates for a given property that are over the limit set by Measure 5, the
...on real market value. If real market value increases by 10 percent, then
...emporary taxes above the permanent rate limits) are reduced first, then
...tionately. If additional property taxes are passed by voters, the tax on
...increase. Thus, voters subject to compression can vote to raise taxes on
...reselves.

Incentives

...real program allows income-qualified disabled or elderly residents to
...transfer of the property, or end of disability. Property tax exemptions for
...ive military, veterans, and surviving spouses of veterans.

...incentives for economic development, including an enterprise zone
...e full value of qualifying construction-in-process property for up to 10
... (TIF) for urban renewal areas.

...gible for preferential treatment under current use: conservation/open
...ction, farmland, and wetlands.

Property Tax State-by-State Property Tax at a Glance

Oregon	Count for 50 states plus DC
No	25
Yes	30
Yes	45
Yes	19
No	34

...district calculated its own tax levies, which were constitutionally
...Levies increasing by more than that amount had to be placed

...erty taxes for school districts were capped at \$15 per \$1,000 of
...\$2.50 each year thereafter until reaching \$5 per \$1,000, the
...s were capped at \$10 per \$1,000 per year, so that at the end of
...num property tax rate was 1.5 percent.

...ed by voters in 1996, reducing property taxes to 90 percent of
...Measure 50 rolled back the assessed value of each property to 90
...through 1996 instead of rolling back property taxes to 90
...el. The voters passed Measure 50 in November of that year.

...value at resale means that today two properties that sell for
...ent property tax payments resulting from their original assessed
...n, compression is a growing concern for local governments
...sed by Measure 5 become more binding (Portland City Club,

Property Tax State-by-State Property Tax at a Glance

...Vedder, 2014. "The Real Consequences of Property Tax Compression for
...http://economics.uoregon.edu/wp-content/uploads/2014/07/DavisVedderC419_2104.pdf

...nfused by Your Oregon Property Tax Bill? Ask the Property Tax Fairy."
...http://politics/index.ssf/2013/09/confused_by_your_oregon_property.html

...roperty Tax System."
...<http://nyrock/artists/28022>

...ue, "How Property Taxes Work in Oregon."
...<http://www.oregon.gov/property/Pages/property-taxes.aspx>

...me, 2009. "A Brief History of Oregon Property Taxation."
...<http://www.oregon.gov/research/Documents/2009-405-1.pdf>

...Office, 2010. "Oregon's Property Tax System: Horizontal Inequities Under
...<http://www.oregon.gov/land-use/Documents/2010-405-1.pdf>

...reconstructing Oregon's Frankentax: Improving the Equity, Financial
...of Property Taxes."
...<http://www.lincolninstitute.org/research/2009/research%20rankentax.pdf>

...roperty Tax. <http://dx.doi.org/10.1215/00141801-2013-001>

...an Institute of Land Policy and George Washington Institute of Public Policy
...Restrictions and Assessment Limits." In *A Good Tax: Legal and Policy Issues*
...ited States. Cambridge, MA: Lincoln Institute of Land Policy.
...<http://www.lincolninstitute.org/research/2013/2013-001-A-Good-Tax>

...conomics, Reed College

Property Tax State-by-State Property Tax at a Glance

State-Specific Resources

View Sources

Davis, Matthew, and Andrea Vedder. 2014. "The Real Consequences of Property Tax Compression for Oregon Public Schools." June.

http://economics.uoregon.edu/wp-content/uploads/sites/4/2014/07/DavisVedderEC419_2104.pdf

Gaston, Christian. 2013. "Confused by Your Oregon Property Tax Bill? Ask the Property Tax Fairy."

http://www.oregonlive.com/politics/index.ssf/2013/09/confused_by_your_oregon_proper.html

Novick, Steve. "Our Goofy Property Tax System."

<http://www.portlandoregon.gov/novick/article/428020>

Oregon Department of Revenue. "How Property Taxes Work in Oregon."

www.oregon.gov/DOR/programs/property/Pages/property-taxes.aspx

Oregon Department of Revenue. 2009. "A Brief History of Oregon Property Taxation."

<http://www.oregon.gov/DOR/programs/gov-research/Documents/303-405-1.pdf>

Other Tax Limit Resources

State-Imposed Property Tax Limitations: Trends and Outlook (August 2015)

State Tax Notes

Bethany P. Paquin

www.lincolninst.edu/publications/working-papers/chronicle-161-year-history-state-imposed-property-tax-limitations

Chronicle of the 161-Year History of State-Imposed Property Tax Limitations (April 2015)

Lincoln Institute Working Paper

Bethany P. Paquin

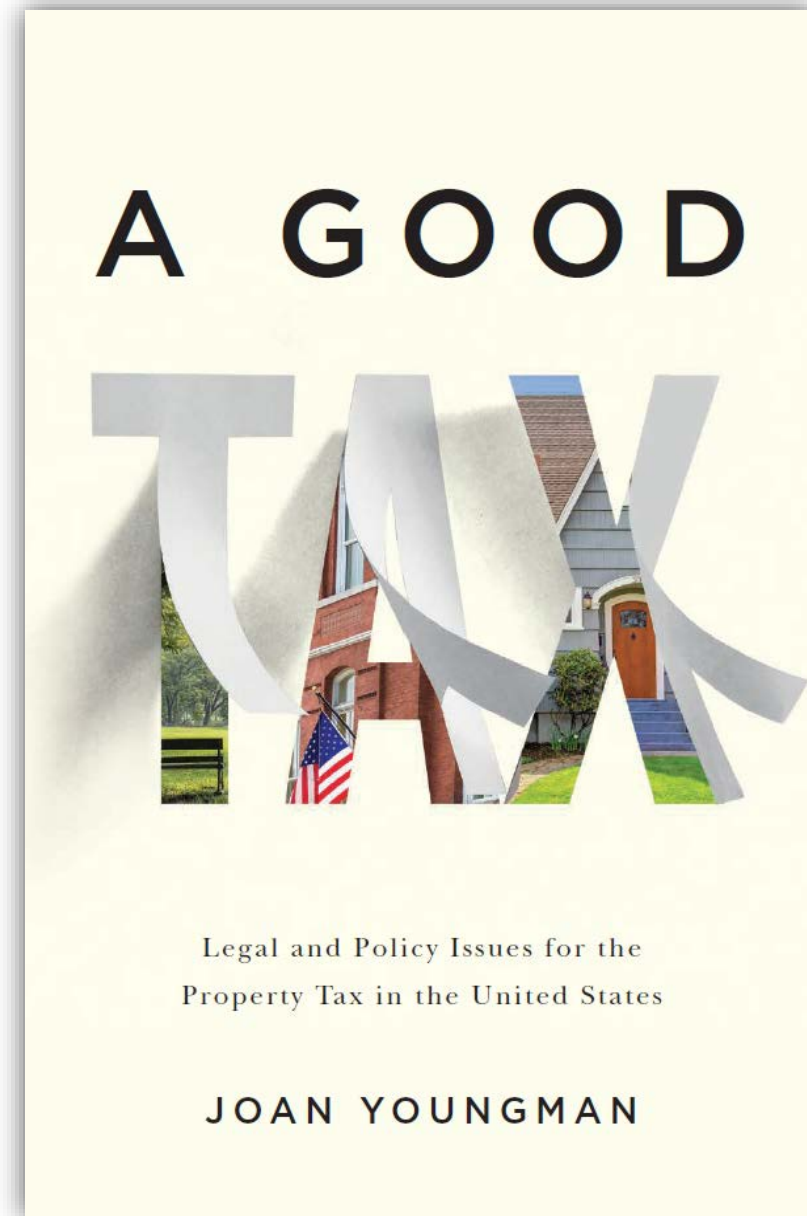
<http://datatoolkits.lincolninst.edu/pubs/PubDetail.aspx?pubid=2538>

Chapter 11

“Tax Restrictions and
Assessment Limits”

Chapter 12

“Tax Limitations and
Accurate Assessments: The
Massachusetts Experience”



Significant Features of the Property Tax Home

Topics

- Property Tax Fundamentals
- The Property Tax Base
- Property Tax Relief and Incentive Programs

State-by-State

- Property Tax at a Glance
- Property Tax in Detail

Census of Governments Data

Resources

About Significant Features

In partnership with the
George Washington
Institute of Public Policy



This online database presents data on the property tax in all 50 states and the District of Columbia. Because accurate data provide the critical foundation for sound governmental decision-making, the Lincoln Institute of Land Policy and the George Washington Institute of Public Policy joined in a partnership to provide information and support public policy concerning the property tax, probably the most controversial tax in the United States. The term "Significant Features" pays tribute to the work of the Advisory Commission on Intergovernmental Relations, which from 1959 to 1996 provided a wealth of research on the functioning of the federal system, particularly through its flagship publication, Significant Features of Fiscal Federalism. For more information and a user guide to the site, click here.

What's New in Property Tax



Lincoln Institute – Minnesota Center for Fiscal Excellence 50-State Property Tax Comparison Study: For Taxes Paid in 2015

The annual 50-state property tax comparison study, a partnership of the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence, reports on relative property tax burdens across the United States. This report compares effective property tax rates for four classes of property located in the largest city of each state and D.C., the 50 largest cities in the United States, and a rural area of each state. This year's report includes new information on the key factors that explain differences in property tax rates, the policies that lead to preferential tax treatment of homeowners in many cities, the impact of assessment limits, and much more.

Ask Our Property Tax Expert



Adam H. Langley

Which states have the lowest property taxes for senior citizens and how many states target property tax relief to elderly homeowners?

Senior citizens pay the lowest property taxes in Alabama, Louisiana, Mississippi, and West Virginia.

More state detail at Significant Features of the Property Tax



Contact Information

Daphne A. Kenyon

Resident Fellow

Dept. of Valuation and Taxation

Lincoln Institute of Land Policy

617-661-3016

DKenyon@lincolninst.edu

Bethany P. Paquin

Research Analyst

Dept. of Valuation and Taxation

Lincoln Institute of Land Policy

bethanypaquin@gmail.com

