



# Assessed-value exemptions

Property Tax Division

February 20, 2023

Seiji T. Shiratori

**Section 11.** Property tax limitations on assessed value and rate of tax; exceptions.

(1)(a) For the tax year beginning July 1, 1997, each unit of property in this state shall have a maximum assessed value for ad valorem property tax purposes that does not exceed the property's real market value for the tax year beginning July 1, 1995, reduced by 10 percent.

(b) For tax years beginning after July 1, 1997, the property's maximum assessed value shall not increase by more than three percent from the previous tax year.

(c) Notwithstanding paragraph (a) or (b) of this subsection, property shall be valued at the ratio of average maximum assessed value to average real market value of property located in the area in which the property is located that is within the same property class, if on or after July 1, 1995:

(A) The property is new property or new improvements to property;

(B) The property is partitioned or subdivided;

(C) The property is rezoned and used consistently with the rezoning;

(D) The property is first taken into account as omitted property;

(E) The property becomes disqualified from exemption, partial exemption or special assessment; or

...

(2) The maximum assessed value of property that is assessed under a partial exemption or special assessment law shall be determined by applying the percentage reduction of paragraph (a) and the limit of paragraph (b) of subsection (1) of this section, or if newly eligible for partial exemption or special assessment, using a ratio developed in a manner consistent with paragraph (c) of subsection (1) of this section to the property's partially exempt or specially assessed value in the manner provided by law. After disqualification from partial exemption or special assessment, any additional taxes authorized by law may be imposed, but in the aggregate may not exceed the amount that would have been imposed under this section had the property not been partially exempt or specially assessed for the years for which the additional taxes are being collected.

# Oregon Constitution, Article XI

EXEMPTION	ORS / TE	YEAR ENACTED	DURATION OF EXEMPTION	ANNUAL EXEMPTION AMOUNT
Disabled Veteran & Surviving Spouse of a Veteran	ORS 307.250 / TE 2.111	1921	Ongoing until qualifications no longer met. Surviving Spouse must apply after veterans' death to continue.	TY 2021-22 \$23,370 or \$28,045 3% annual increase
Active-Duty Military	ORS 307.286 / TE 2.117	2005	Requires annual application for each year deployed under qualified orders.	TY 2021-22 \$96,283
Surviving Spouse of a Public Safety Officer	ORS 307.295 / TE 2.118	2016	Ongoing until qualifications no longer met.	Up to \$250,000 As set by adopting jurisdiction
Low Value Manufactured Structure in high-population county	ORS 308.250(3)(b) / TE 2.071	2019	Determined by adopting jurisdiction ordinance	Amount set by adopting jurisdiction
Home Share	Note following ORS 307.548 / TE 2.110	2019	Determined by adopting jurisdiction ordinance.	Up to \$300,000 As set by adopting jurisdiction with annual increase based on CPI
Property burdened by affordable housing covenant used for owner-occupied housing	ORS 307.555	2021	Ongoing until qualifications no longer met.	27% of AV for qualified condominium units



# Oregon

Kate Brown, Governor

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# Rules Advisory Committee

November 10, 2021

Dear Assessors,

This memo provides an update on the progress the Department of Revenue has made with regard to partial exemptions of assessed value (AV) and anticipated next steps. The Department of Revenue has been asked by the counties to provide clarity around the constitutional requirements relating to re-calculating maximum assessed value (MAV) when administering partial exemptions of AV. Currently, counties have varying levels of understanding around the requirement and how it should be applied.

The Department of Revenue recently sought guidance from the Oregon Department of Justice regarding the administration of partial exemptions of assessed value. It is the Department of Revenue's opinion that the statutory AV exemptions are subject to Article XI, Section 11 of the Oregon constitution<sup>1</sup> requiring assessors recalculate the MAV (reMAV) of a property when the property is newly eligible for an AV exemption and when it is disqualified from an AV exemption.

The Department of Revenue will invite you to participate in a collaborative rulemaking process to provide clarity and consistency for assessors. Our target date for completion of the rulemaking process is late 2023, a timeline that will allow the legislature to contemplate the topic if it chooses to do so. Following the rulemaking process, the department will provide training and other educational resources. For specific questions about this guidance, you may contact the department at [Gregg.W.Thummel@dor.oregon.gov](mailto:Gregg.W.Thummel@dor.oregon.gov).

Bram N. Ekstrand  
Administrator, Property Tax Division

## Maximum assessed value and assessed value of partially exempt property and specially assessed property

(1) Unless determined under a provision of law governing the partial exemption that applies to the property, the maximum assessed value and assessed value of partially exempt property shall be determined as follows:

(a) The maximum assessed value:

(A) For the first tax year in which the property is partially exempt, shall equal the real market value of the property, reduced by the value of the partial exemption, multiplied by the ratio, not greater than 1.00, of the average maximum assessed value over the average real market value for the tax year of property in the same area and property class.

(B) For each tax year after the first tax year in which the property is subject to the same partial exemption, shall equal 103 percent of the property's assessed value for the prior year or 100 percent of the property's maximum assessed value under this paragraph from the prior year, whichever is greater.

(b) The assessed value of the property shall equal the lesser of:

(A) The real market value of the property reduced by the partial exemption; or

(B) The maximum assessed value of the property under paragraph (a) of this subsection.

...

ORS 307.032

**Article I, Section 32. Taxes and duties; uniformity of taxation.** No tax or duty shall be imposed without the consent of the people or their representatives in the Legislative Assembly; and all taxation shall be uniform on the same class of subjects within the territorial limits of the authority levying the tax. [Constitution of 1859;

Amendment proposed by H.J.R. 16, 1917, and adopted by the people June 4, 1917]

**Article IX, Section 1. Assessment and taxation; uniform rules; uniformity of operation of laws.** The Legislative Assembly shall, and the people through the initiative may, provide by law uniform rules of assessment and taxation. All taxes shall be levied and collected under general laws operating uniformly throughout the State. [Constitution of

1859; Amendment proposed by H.J.R. 16, 1917, and adopted by the people June 4, 1917]

**Article XI, Section 11.** (18) Section 32, Article I, and section 1, Article IX of this Constitution, shall not apply to this section.

Oregon  
Constitution  
on equity and  
uniformity



## Questions?

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