

Effect of the November 2023 levy measure on Corvallis property owners and renters

By

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Summary and Discussion

If the City Livability Services Local Option Levy (Measure #2-141) passes this November, I calculate that the property tax change in 2024 for Corvallis property owners will most likely¹ be a 6.09% increase (the 3% annual increases in assessed value in 2023 and 2024) more than they paid in 2022. If the levy fails, I calculate that the property tax change in 2024 for Corvallis property owners will most likely² be a 0.35% increase or a 4.66% decrease (the 3% annual increase in assessed value in 2023 and 2024 and the decrease in tax rate in 2024) compared to what they paid in 2022. And, since property taxes are a cost to a landlord, they will be passed on to their renters.

The voter has a choice to make. Does the voter choose to minimize the cost of housing by reducing, or minimizing the increase in, property taxes? Or, does the voter choose to spend that money on social service agencies, the Corvallis Public Library, and recreation? Which has the higher priority, keeping housing costs down or providing social, library, and recreation services?

From my perspective, keeping people in their homes by keeping the cost of housing down has the higher priority which is why I will be voting against this levy.

Data and Analysis

Property owners can calculate the tax increase on their own properties from data contained in the tax statements that they received in October 2022, or from data obtained by searching the Benton County Assessor's website. Renters can also find the tax data on their residence on that website.

The calculation is simple enough so that it can be done with a pocket calculator.

The formula³ for property taxes is:

$$(1) T = A \times R$$

¹ If your assessed value equals your real market value, which is highly unlikely, the increase will be zero.

² If your assessed value equals your real market value, which is highly unlikely, the increase will be about -6% or -10%.

³ The formula can be found in Oregon Department of Revenue publication Real Property Assessment And Taxation, 150-303-670 (Rev. 04-14).

Where T is the property tax the owner pays, A is the assessed value⁴, and R is the tax rate. One can find one's 2022-2023 tax and the assessed value on their October 2022 tax statement. One can then solve equation (1) for R and use that equation to compute R. Or, using their tax code⁵, one can look up their tax rate on the Benton County Assessor's website.

Taking the differential of equation (1) and dividing that differential by equation (1) yields equation (2).

$$(2) \frac{dT}{T} = \frac{dA}{A} + \frac{dR}{R}$$

dT/T is the annual fractional change in taxes. dA/A is the annual fractional change in assessed value⁶ and dR/R is the annual fractional change in tax rate⁷. Equation (2) can then be used to calculate the fractional change in one's property taxes from year to year.

I calculated the tax factor -- which is one plus the fractional change in taxes -- for 2023-24 and 2024-25 for all the four tax codes in Corvallis. The spreadsheet is shown below.

-----	Tax Rate	Tax Factor	Tax Factor	Tax Factor	Delta 22/23 to 24/25	
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CODE	2022-23	2023-24	2024-25	2024-25	2024-25	2024-25
9-01	19.2051	1.03	1.03	0.97	6.09%	0.35%
9-31	10.2566	1.03	1.03	0.93	6.09%	-4.66%
9-32	19.2051	1.03	1.03	0.97	6.09%	0.35%
9-66	19.2051	1.03	1.03	0.97	6.09%	0.35%

One's property tax for 2023-2024 will be 1.03 times what the tax was on their 2022-2023 tax bill. For 2024-2025, the tax will be another 1.03 times the 2023-2024 tax if the levy passes. If the levy fails, the 2024-2025 tax will be 0.93 or 0.97 -- depending upon the tax code area -- times the 2023-2024 tax. In terms of change from what was paid in 2022-2023, the 2024-2025 tax will increase 0.35% or decrease 4.66% depending upon the tax code area.

⁴ The assessed value is the lower of the real market value or the maximum assessed value. The maximum assessed value is computed with the procedure prescribed in ODOR publication Maximum Assessed Value Manual, 150-303-438 (Rev. 05-18).

⁵ One's tax code is shown on one's tax statement.

⁶ At this time, real market value is significantly higher than the maximum assessed value and will probably remain so for the foreseeable future. Therefore, the fractional change in assessed value will be 0.03 until the maximum assessed value exceeds the real market value, and the fractional change in assessed value becomes 0.00.

⁷ The tax rate is the only factor that the voter can control by voting for, or against, bonds and levies.