

Property Tax—what you must know, but probably don't

Background

There are over 170,000 property tax accounts in just Clackamas; with a population estimated at 435,024 for 2023. That's about 1 account for every 2.5 people. Some people have multiple accounts.

Assessed revenue generated from property tax is just over one billion dollars for 2023; for just Clackamas County.

RMV = Real Market Value

AV = Assessed value

Legislative measure 50 in 1997 changed the tax structure from a tax percentage of RMV, to taxes based off a percentage of AV. In 1997, AV was 90% of RMV from the previous year and was only allowed to increase a maximum of 3% every year thereafter; unless you made property improvements, which increased the AV according to your improvement for that year the improvement was made. For 2023, you can have up to \$10,000 worth of improvements before it will affect your RMV and AV; this threshold will increase in 2024.

Taxes are predominantly based off a percentage of AV, but due to an algorithm called "compression", a small percentage of taxes are based also off RMV. This is why it is important to make sure your RMV, and especially AV, numbers are reasonable and correct.

The Clackamas County Tax Department has the fiduciary duty to assess and compute property taxes fairly and accurately...but do they? This is the reason for this information; so, you can become educated about property taxes and not fall victim to Clackamas County clerical error, and/or worse.

How is RMV (and subsequently AV) determined in the first place? The valuation of any property is based on the "judgement" of the Clackamas County tax appraiser. In other words, it is pure speculation; a guesstimate; opinion—based off human bias; non-uniform; and inconsistent. Different county appraisers will value the same property differently—this is human nature from their personal bias.

We have discovered numerous clerical errors (many egregious) on our personal tax statements dating back to year 2000. Had we known then what we know now, we wouldn't have been over-taxed by one-third, every year. The problem is that you can only go back two years, and in some cases five years, to correct these mistakes; so, maintain vigilant guard with your property taxes every year to avoid the pitfalls.

The following will now tell you how to analyze your property tax statement so you can make sure you are not over-taxed.

Analyzing Your Property Tax Statement

1--Personal property tax statement: found at <https://web3.clackamas.us/taxstatements/> You can also get to this page by an internet search for "Clackamas County Tax Assessor". Click on "Assessment and Taxation". The main tax department page will show up. Go to the "Past Tax Statements" button on the right side near the bottom of this page. Click "Past Tax Statements". Click the blue "Accept" button. This is the page first listed above.

Type in the desired year. Type in your address: the field will begin to populate. Click on your address. Click the "View Statement" button. Your property tax statement will appear.

Note: you can see anyone's property tax statement if you have their address. Check your neighbors if you are curious.

2—Calculate RMV Total percent increase (or decrease) from last year:

Take the value for RMV Total under the "This Year" heading and subtract the RMV Total value under the "Last Year" heading. This gives you the amount your RMV increased (or decreased) from last year.

Divide this number by the RMV Total value from the "Last Year" heading, and multiply by 100.

This is the percent increase (or decrease) of RMV Total from last year to this current year.

If you haven't made any property improvements, does this number seem reasonable to you?

From 2021 to 2022, and from 2022 to 2023, many properties, in our area, saw an increase of 22% each year, without any property improvements made. This was cause for concern. We appealed this; the Clackamas County Appraiser (and BOPTA approved it), reduced our excessive increase of RMV by almost \$832,000 for these two years. The sad thing, is that the county didn't automatically reduce the excessive RMV increase for all the other taxpayers involved. They only reduced it for those who appealed, but how many did; not exactly moral conduct—not to mention a lack of their fiduciary duty to assess property taxes uniformly, consistently, and fairly.

If you did have improvements, were the improvements under \$10,000 for the year?

If they were valued over \$10,000, you will need to find out if the increases in RMV and AV were warranted; call the county and have them explain RMV and AV increases.

From the Clackamas County website, you can go back and check your statements back to year 2000. I would advise doing this so you can analyze patterns and trends in your numbers over the years.

3—Calculate the percent increase of AV:

This is done the same way as for RMV; just use the "Assessed Value" numbers under the "This Year" and "Last Year" columns. This will give you a percent increase from the year before.

If you had no property improvements, the maximum increase should be no greater than 3%. Note, the AV increase can be less than 3%. If it is over 3%, this is a violation of legislative measure 50, and you have recourse.

BOPTA

If the increase in RMV or AV seem excessive, you may call the Clackamas County Tax Department and ask them questions to resolve any issues. If you don't feel the issues were resolved, don't hesitate to file a BOPTA (Board of Property Tax Appeals) claim. This board, of three members, from the public at-large, with knowledge in real estate, appraisals, and assessments, will hear your appeal during a scheduled meeting with you. The hearings start in February.

Go to the "Assessment and Taxation" window-page via the navigation described above. Go to the bottom of the page on the right side to find the blue button "Property Value Appeals" and open this window. Read and study all the information on this page. Then click the green typed link "[Board of Property Tax Appeals \(BOPTA\)](#)." Read and study this page.

Then click the green typed link "[Forms can be obtained on the forms page](#)". This opens up the forms page. Note, for Clackamas County, you will need to make five (5) copies of the forms and evidence, to provide to BOPTA.

The form you will need to file an appeal is the "Real Property Petition" ORS 310.063. Click on this link to open the page. The form is at the bottom, but read, study, and understand all the information given. Note, the deadline to file an appeal is January 2nd, or the following Monday if it falls on a weekend.

There is no fee to appeal your property tax values to BOPTA.

Depending upon your reason for appeal, you may need to provide valuations of similar properties to yours, which have sold around January 1st, to prove your property is over-valued. This can be done by finding listings on Zillow, Redfin, Realtor.com, or others. Create a report, with the comparable properties you found, to provide to BOPTA.

Pro-Val

This 2-page document reveals valuable information about how your property values were determined. The name, Pro-Val, stands for "[Property Valuation](#)". I highly advise you to obtain a copy for your property, and request a copy for every year you make any improvements; to ensure the improvement valuations are reasonable and correct. Call the Clackamas County Tax Department at 503-655-8671 and request they email this to you, or, go to their office, at 150 Beaver Creek Road, room 135, Oregon City, and they will print this for you. There is no fee to obtain your Pro-Val. There may be a small fee to print your neighbor's Pro-Val.

Page 1 will list technical information, such as your name, address, tax ID, parcel number, property class, number of acres, valuation record, and much more. In the lower left corner, you will see construction notes relating to your home construction phase, plus any improvements thereafter. Is the information listed here, for the construction and any improvements, correct? If not, this is a basis for appeal.

Page 2, on the left side, shows physical characteristics. Are these all accurate? If not, it can lead to over-valuation and the corresponding excessive taxes. The diagram in the middle, shows a footprint of your home—are the circled square footage values accurate for each floor or structure?

The right side shows the value computations based on the square footage. Then the physical characteristics (from the left side of the page) are factored in. This provides a "SUB-TOTAL" value. This sub-total value is then multiplied by the "Quality Class/Grade" to produce the "GRADE ADJUSTED VALUE".

The grade adjusted value is used in the bottom section, of page 2 (SUMMARY OF IMPROVEMENTS), to calculate the final RMV. The RMV is entered into a program (algorithm), called "Ascend", which computes the taxes owed; based off AV and RMV.

Notice all the variables listed on the Pro-Val: home construction % completion; physical characteristics; square footage; RMV computations; quality class/grade; and summary of improvements. Each variable has the potential for clerical error. During our vast, in-depth dive into property taxation, we believe there is at least one (probably many more) clerical error per account. On our personal, home-property taxation process, we found multiple clerical errors, too numerous to count, and believe some could even be construed as downright fraud by the county. Anytime the county can increase the RMV and AV, by "adjustments", they will; since this increases their tax revenue.

If you have any questions regarding the Pro-Val, call the county and ask for an appraiser, to answer them. We asked to visit with a county appraiser and during the meeting she answered our questions about the Pro-Val.

Quality Class/Grade

The quality class/grade for your home or improvement, is a value prescribed by the opinion of the appraiser. It designates a quality classification or grade for your home, that is associated with a numerical value, which is multiplied by the RMV sub-total value listed on the Pro-Val, to produce the grade adjusted RMV. An erroneously high-quality class/grade will cause you to pay excessive property taxes. Quality class/grades range from value 1 (lowest quality) to an 8 (highest quality). Each grade can also have a plus or minus—you can be designated, for example, as a 4+, a 6-, or a 5; all at the judgement (discretion (or mercy)), of the appraiser.

Most homes fall in the range of 4 (average quality) to a 7 (upper-end quality). Many, but not all, Street-of-Dreams homes are around a quality class 6 to 7.

You can compare your home's quality class/grade, to benchmark pictures, in an Oregon Department of Revenue publication called, "Cost Factors for Residential Buildings." It can be found at: <https://www.oregon.gov/dor/forms/FormsPubs/303-419-05.pdf>

Compare your home with these benchmark pictures, contained in the quality class/grade descriptions, starting on page 13. Does your quality class/grade listed on the Pro-Val (page 2, far right side, about half-way down) correspond to the pictures in this publication; with the inside and outside of your home? If not, call Clackamas County Assessment and Taxation to remedy this.

Magistrate Court

If you disagree with the BOPTA decision, you can appeal to the Magistrate Tax Court in Salem. You must file within 30 days of the BOPTA ruling and there is a fee of \$50. You must pursue the BOPTA option before appealing to the Magistrate Court.

For information about the Magistrate Court, go to:

<https://www.courts.oregon.gov/courts/tax/about/Pages/magistrates.aspx>

RMV/AV Ratio

Property tax assessment is extremely nebulous, speculative, guesstimation, opinion—based on human bias, non-uniform, and inconsistent. The head of the tax department says there are unfortunate inequities in taxation assessment. Given all this, we wanted to devise a method to transform the imprecise nature of property taxation, into a more concrete, scientific method, to create balance and order out of the sheer madness of “inequities”.

To create uniformity and consistency, we performed a statistical analysis of Clackamas County Property Taxation, by generating a random sample of 20 Clackamas County properties. This random sample, through accepted statistical method, is deemed representative of all Clackamas County tax accounts. By analyzing these tax statements for the correlation of RMV to AV, this formed an accurate way to compare Clackamas County Tax Statement values, across all quality class/grades.

For this computation from your tax statement, divide your RMV total, by the Assessed value. The average RMV/AV ratio value for the random Clackamas County sample, for 2023, is 2.11. If your computation is lower than 2.11, you pay too much in property tax; if it is higher than 2.11, you pay too little (we would all argue we never pay too little, but this is what the statistics show).

When we analyzed the data for the random sample and determined the standard deviation of the mean (2.11), we got a value of 0.34. In other words, if your calculation is anywhere between, 1.77 and 2.45, there is a 95% probability that your ratio value is within acceptable statistical range limits. Any values outside this range, imply your value is highly improbable and cause for concern. Even within one standard deviation, there may be clerical errors which led to erroneous RMV and AV figures.

If your RMV/AV ratio falls lower than 2.11, you need to analyze your Pro-Val, for Clackamas County clerical errors; there are probably many.

Final Thought

Again, all the instructions described herein may take you about four hours. Had somebody told us to do this and spend only four hours of time back in year 2000, we would have saved over \$100,000 by not over-paying our property taxes. You won't know its worth to you until you do your own research. Good luck!

For questions, please contact Mark Reaksecker, at mreaksecker@ccgmail.net