



Office of Crook County Assessor

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Appendix A

Real Market Values Are Critical

Real market value is defined as “the amount of cash that could be reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm’s length transaction occurring as of the assessment date for the tax year” (ORS 308.205 (1))

The RMV is essential in calculation assessed value of property. Under the post Measure 50 property tax system, accurate RMV continues to be critical to a healthy property tax system. Accurate RMV is essential for many reasons:

- **Affects local revenue**
Constitutional tax limits (rate limits for schools & general government) imposed on a property by Measure 5 are tested against the property’s RMV. An accurate RMV determines how much tax rates must be compressed to meet the constitutional requirements. This affects the amount of taxes paid on a property as well as local revenues raised for schools, local governments and other taxing districts. Inaccurate RMV causes funding shortfalls for local schools, which may require additional funding from the state.
- **Impacts tax extension equity**
RMV that falls below the Measure 50 value limitations (maximum assessed value or MAV) shifts assessed value to equal the RMV rather than the MAV. Because it is essential in calculation taxes, an accurate RMV directly impacts tax extension equity.
- **Determines taxable assessed value**
New property, significant improvements to existing property, and changes to property, such as partitions/subdivisions, rezoning, exemption/special assessment disqualification, and omitted property qualify as Measure 50 exception value. Accurate RMV determines the contribution to taxable assessed value of both the changed (new) and unchanged portions of the property.
- **Determines changed property ratio**
Accurate RMV within a property class in the same area determines the Changed Property Ratio (CPR) required by ORS 308.149. CPR is the ratio of average maximum assessed value and average real market value in the same area in the same property class. The CPR assures correct Measure 50 exception value.
- **Determines correct trend adjustment**
Accurate values are critical when evaluating trends or recalculating. When looking at trends, adjustments are made for the difference between the last date and the current date of value. The original value must be accurate so the trend adjustment is accurate as well. When recalculating, a new value estimate for improvements is based on previous physical attributes, which impact the value. Accurate data is critical for accurate RMV estimates.
- **Fewer Appeals**
Accurate RMV reduces the number of appeals
- **Accurate financing of bonds**
Financing (bonds) requires accurate RMV because bonding limits are based on a taxing districts total RMV.

- **Determines taxing district “gaps”**
Accurate RMV helps taxing districts determine how much tax revenue (gap) may be available when voters approve a local option levy. The gap is the difference between the amount of tax on a property and the potential amount if it is taxed at RMV and Measure 5 tax limits.
- **Private sector use**
The private sector also relies on accurate RMV amounts in underwriting, considering loans backed by real property, accounting, and resolving property settlements, all important to the local economy.
- **Public credibility**
The public perception of assessment and taxation office efficiency and accountability is adversely affected when RMV is not correctly derived or reported.