



City Council Workshop
October 6, 2025, 5:30 pm
Winston Community Center
440 SE Grape Avenue
541.679.6739 Info.

Agenda

- I. Open Workshop**—*Christie Knutson, Mayor*
- II. Discussion**
 - A. Property Taxes
- III. Adjournment**

AMERICANS WITH DISABILITIES NOTICE

As part of public policy, the City of Winston will attempt to provide public accessibility to services, programs, and activities. If accommodation is needed to participate in this meeting, please contact Winston City Hall at 541-679-6739, at least 48 hours prior to the scheduled meeting time.

CITY OF WINSTON - WORKSHOP

UNDERSTANDING PROPERTY TAXES



The City of Winston, City Council will hold a workshop this evening to discuss how the property tax platform operates and how it effects citizens.

OCTOBER 6, 2025

DO I HAVE TO PAY PROPERTY TAXES?

THE LAW REQUIRES YOU TO PAY PROPERTY TAXES TO SUSTAIN PUBLIC SERVICES SUCH
AS POLICE, SCHOOLS, FIRE ETC.

Path of a Property Tax Dollar



7/1/24 TO 6/30/25 REAL PROPERTY TAX STATEMENT

Douglas County Tax Collector * PO Box 8403 * Medford, OR 97501-0803
Phone: (541) 440-4253 <https://douglascountryor.gov/348/Tax-Collection>

PROPERTY DESCRIPTION

MAP: 28-06W-20AD-06000

CODE AREA: 11617

ACCOUNT NO: R71474

Mortgage Code: CLG-TMS
\$0.00

DELINQUENT TAXES:

2024-25 CURRENT TAX BY DISTRICT:

CC UMPQUA 82.20
ED DOUGLAS 95.65
SC WINSTON-DILLARD 116 794.48
EDUCATION TAXES: \$972.33

CI WINSTON 771.42
CO DOUGLAS 200.90
FI WINSTON-DILLARD 838.70
SV 4H EXTENSION SERVICE 10.84
UR WINSTON UR AGENCY 154.03
GENERAL GOVERNMENT TAXES: \$1,975.89

SC WINSTON-DILLARD 116 BL2019 221.24
BONDS AND MISC TAXES: \$221.24

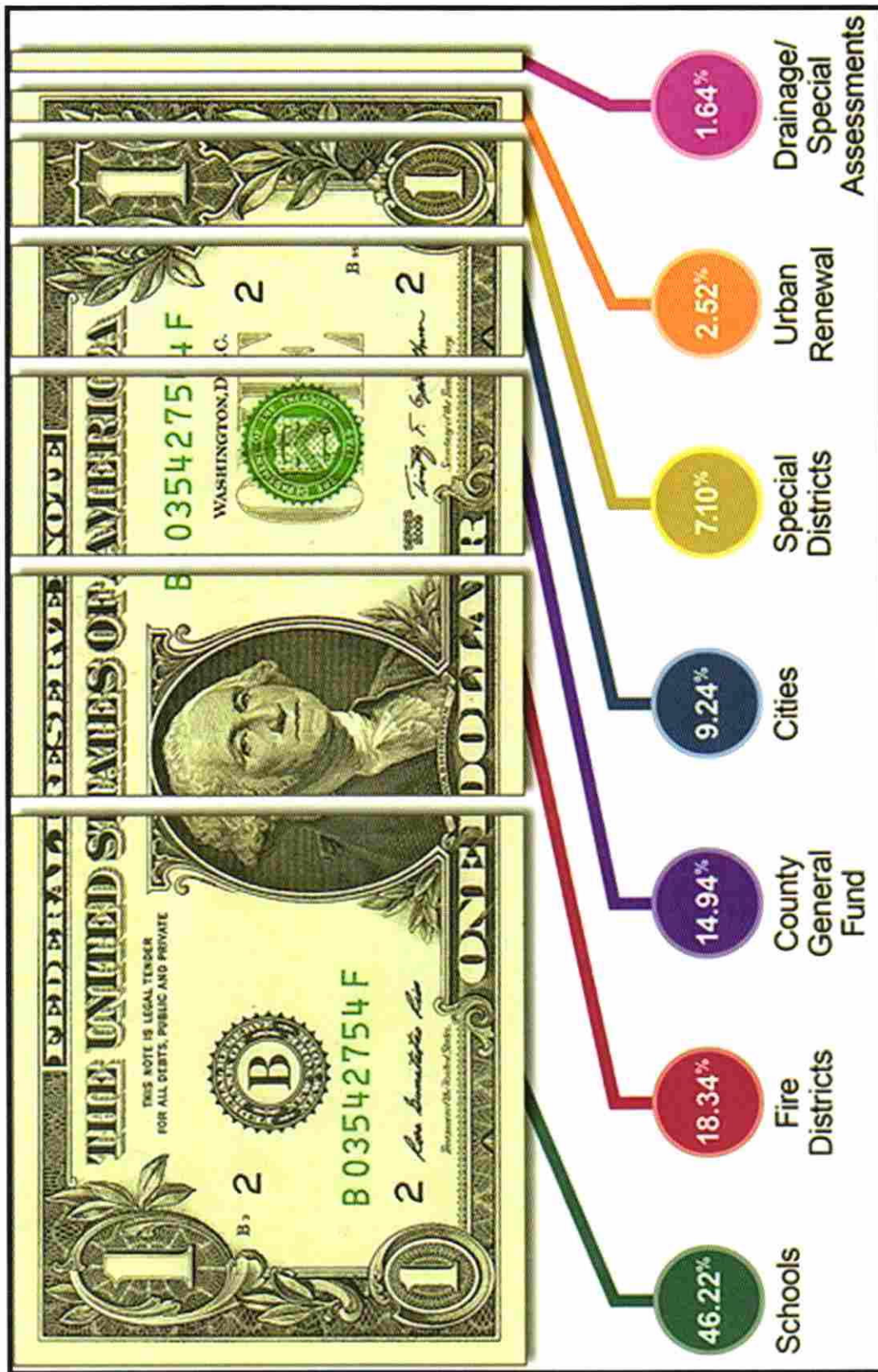
2024-25 LEVIED TAX:
(Before Discount) \$3,169.46

VALUES LAST YEAR THIS YEAR

MARKET VALUES:		
LAND	122,475	112,700
STRUCTURE	287,013	290,627
TOTAL RMV	409,488	403,327
TAXABLE VALUES:		
ASSESSED VALUE	214,735	221,177
VETERAN EXEMPTION	29,753	30,646
NET ASSESSED VALUE	184,982	190,531

2024/2025		EDUCATION	GOV'T	LOC. OPT	EXEMPT	TOTAL
CODE 11617						
CO	DOUGLAS		1.0544			1.0544
CI	WINSTON		4.0488			4.0488
FI	WINSTON-DILLARD		4.4019			4.4019
WC	LKGLS-OLALLA		.0000			.0000
WS	WINSTON-DILLARD		.0000			.0000
PK	RIVER BEND		.0000			.0000
SV	4H MASTER GARDENER EXTNSN SRVC		.0569			.0569
ED	DOUGLAS	.5020				.5020
SC	WINSTON-DILLARD 116	4.1698				4.1698
SC	WINSTON-DILLARD 116 BL2019				1.1612	1.1612
CC	UMPQUA	.4314				.4314
UR	WNST URBAN RENEWAL		.8084			.8084
M50 BILLING RATE		5.1032	10.3704		1.1612	16.6348
M-5 RATE		5.0000	10.0000			

HOW DOES IT WORK?



HOW AM I TAXED?

❖ WINSTONS TAX RATE = *\$16.63 per thousand of assessed property value*

School District	\$5.35	(32%)
Fire District	\$4.40	(26%)
City of Winston	\$4.04	(24%)
Douglas County	\$1.05	(6%)
Urban Renewal	\$0.80	(4%)
ESD Program	\$0.50	(3%)
Umpqua College	\$0.43	(2%)
4H Program	<u>\$0.06</u>	<u>(0.03%)</u>
	\$16.63	



HOW AM I TAXED?

Calculating Property Taxes



950 x 380



HOW AM I TAXED?

\$250,000
1,000

X

\$16.63

**= \$4,157 Taxes
Owed**



HOW DOES WINSTON USE PROPERTY TAXES?

- ❖ Property Taxes – Police Department
- ❖ State Gas Taxes – Street Improvements
- ❖ Sewer fees – Sewer projects

GRANT FUNDING MAKES THE DIFFERENCE



PROPERTY TAXES

Conclusion

- The effects of Measure 5 and 50 prevent the county from raising property taxes more than 3 percent annually.
- Winston is approved for more than 6 million in grant funding to help move projects forward.

QUESTIONS?





FAQ



FAQ on Measures 5 & 50

MARCH 2023

FAQ on Measures 5 and 50

March 2023

Oregon's current property tax system is shaped by two Oregon constitutional amendments passed in the 1990s: Measures 5 and 50. Prior to Measures 5 and 50, property taxes in Oregon were assessed under a levy-based system, with the levy amount applied to each property's real market value (RMV). To meet community service demands, each taxing district calculated its own levy according to budgetary needs. However, both Measures 5 and 50 created a rate-based tax system while reducing taxable values and limiting tax rate growth. The rate became a constitutionally-fixed amount, leading to a restriction of local government and school revenues.

The following FAQ answers some basic questions about Measure 5 & 50. This document is not meant as a substitute for legal advice. LOC members are encouraged to speak with their city attorney for specific advice on Measures 5 and 50.

1. *For Measure 5, What are the Tax Limits and Compression?*

Passed in 1990, Measure 5 sets limits on the amount of tax levied per \$1,000 of a property's real market value (RMV): \$5 per \$1,000 of RMV for education districts and \$10 per \$1,000 of RMV for general government districts, which includes city and county governments.

If taxes in either the education or general government category exceed their designated limits, the taxes are reduced until the limits are met. The reduction of taxes to Measure 5 limits is known as "**compression**." Compression results in millions of dollars in lost revenue for schools and local governments each year. An allowance exists for temporary voter-approved debt service to be outside the \$10 limit.

Property Tax Limits

Schools:

\$5 per \$1,000 of RMV

General government:

\$10 per \$1,000 of RMV

2. *What Does Permanent Rate for Measure 50 Mean?*

Permanent Tax Rates

*Forever set at
1997 level*

Passed in 1997, Measure 50 gave all existing tax districts a **permanent** operating rate limit. A district's permanent rate was primarily determined by combining whatever tax levies existed locally when Measure 50 passed.

These tax rates cannot be changed by any action of the district or its voters, and remains at the 1997 rates. However, voters can approve a "local option levy," which allows a taxing authority to temporarily exceed the permanent rate limit. Local option levies are restricted to five years for operations and

ten years or the useful life of the project for capital projects.

3. What Does Assessed Valued Mean for Measure 50?

Measure 50 also separated property tax from RMV. As a result, properties in Oregon are no longer taxed at their actual market value. Instead, taxation is now based on a newly-created **assessed value (AV)**, which was established by reducing the RMV of the property in 1995-96 by 10%. The permanent rate was then applied to the assessed value. Prior to Measure 50, properties were typically assessed across a county on a six-year cycle to produce fair and equitable taxation. However, the 1995-96 snapshot dictated by Measure 50 captured properties wherever they may have been during the assessment cycle; assessed value on properties at the beginning of the cycle during this snapshot would be set higher than a similar property at the end of the cycle, creating inequities between taxpayers.

Created Assessed Value

Properties no longer taxed at their actual value

4. What are the Growth Limits Imposed by Measure 50?

Measure 50 also **limited the annual growth rate** of taxable property value to 3% of the assessed value, well below average rate of inflation. By setting assessed values based on 1995-96 market levels and capping the annual rate of growth, Measure 50 permanently locked into place assessed value imbalances, allowing similarly valued property to pay dramatically different property tax amounts.

Capped Annual Rate of Growth

Increases limited to 3% annually

5. What does Changed Property Ratio Mean for Measure 50?

Changed Property Ratio

Calculates value of new properties, but creates inequities across neighborhoods

For new properties or those that undergo a significant change, such as major remodeling, new construction, rezoning, or subdivision, the assessed value must be determined according to the **changed property ratio (CPR)** statutes, ORS 308.149 to 308.166. The new assessed value is determined by applying a ratio of the assessed value to the market value of all existing property within the same class (residential, commercial, industrial, or multifamily) in either the city or the county to the improved or changed property.

In most of the state, the CPR is calculated on a county-wide basis, resulting in significant inequities across neighborhoods. Since the passage of HB 2088 (2017), cities in Multnomah County can elect to calculate CPR on a city-wide basis instead of the county-wide basis, provided the city passes an ordinance or resolution as required by Section 2 of the Act, Or Laws 2017, Ch 414 § 2.

6. What is Compression Under Measure 5 and 50?

To determine a property's tax obligation each year, the assessed value created by Measure 50, and the RMV tax limits created by Measure 5, are calculated for each property. When a property's assessed taxes exceed the Measure 5 limit, the tax obligation is reduced – or “compressed” – to the Measure 5 limit. The amount compressed is lost forever to the district, resulting in millions lost each year for local governments that rely on property taxes for a majority of the revenue used to provide services. In FY2016-17, more than 65% of Oregon's cities were negatively affected by compression, resulting in more than \$31.4 million in lost revenue for cities statewide.

Compression Revenue

Lost forever to local taxing districts when AV is reduced to \$5 and \$10 limits

7. What are the Impacts of Measure 5 and 50?

The revenue challenges caused by Measures 5 and 50 are significant. Adjusting the property tax system from one based on market values to one primarily based on assessed values in 1997-98 resulted in an immediate \$51.4 million reduction in property tax revenues collected statewide. Since then, inflation, particularly for primary city expenses like employee healthcare and pension costs, has regularly exceeded the 3% rate of growth limit under Measure 50, resulting in the slow but steady strangulation of city finances as costs increase far faster than revenues. These concerns, as well as growing frustration with the numerous inequities embedded in the property tax system, have leaders throughout the state advocating for changes to Oregon's property tax system.

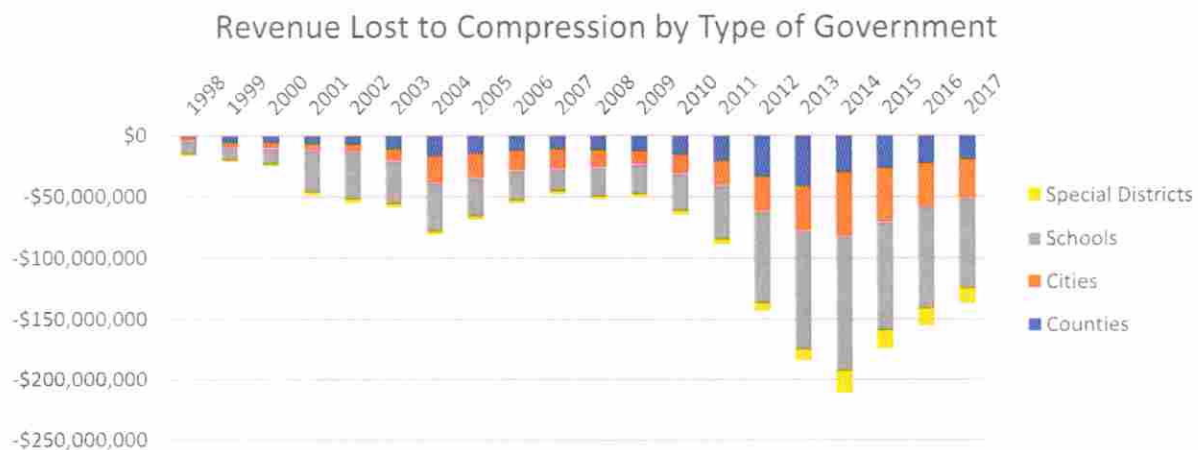
8. What Effect does Measures 5 and 50 have on Oregon's Cities?

Measures 5 and 50 have had an enormous negative impact on the ability of cities and other local governments to meet the basic service needs of their citizens. These constitutional changes significantly reduced city revenues by detaching property taxes from market value, imposing permanent district tax rates, capping property tax growth, and setting arbitrary limits on local taxation. With their local autonomy compromised, cities sink deeper into a financial hole as costs continue to rise, populations grow and community demands for services increase.

Measure 5

In FY2016-17, more than 65% of Oregon's 241 cities lost revenue due to Measure 5 compression, resulting in more than \$31.4 million in lost revenue for cities statewide. Compression results when the property taxes imposed by general government taxing districts exceed the \$10 limit per \$1,000 of RMV. Taxes greater than the limit are "compressed" down to meet the limit and any compressed amount is not collected.

As evidenced in the chart below, compression grew worse during the Great Recession, as the market values of thousands of properties stagnated or fell. Between FY2007-08 and FY 2013-14, revenues lost to compression rose by 163% for counties, 219% for cities, and 525% for schools. Beginning in FY2014-15, the amount lost to compression began to fall, due to the strengthening economy and rising RMV.

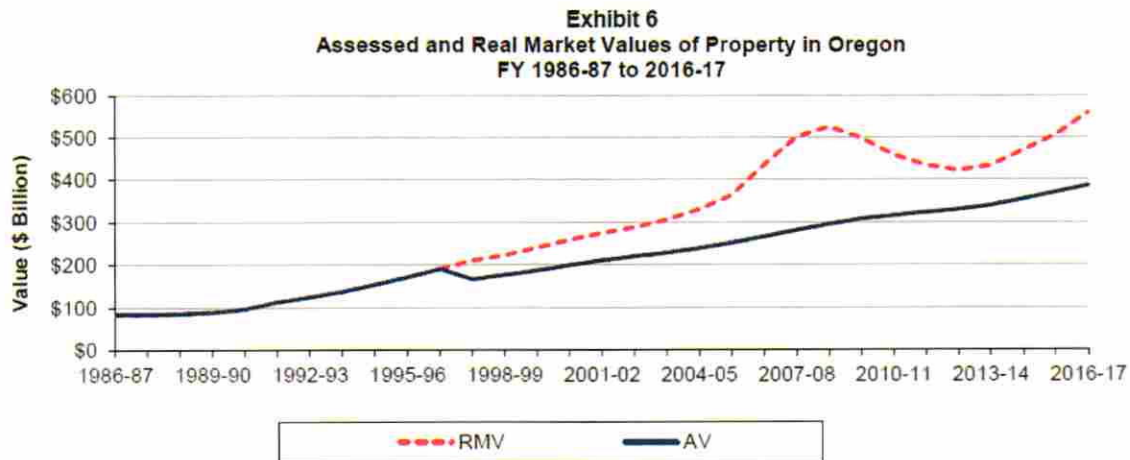


Compression has often been exacerbated by the emergence of special districts—independent governmental units that offer specific services—including hospitals, fire protection, sewer service, etc. – not provided by a city or county government. In the past ten years, the number of special districts in Oregon has grown by 12%, with 1,035 special districts currently in operation in

Oregon. Creation of these districts can often squeeze city budgets by pushing tax rates above the Measure 5 limits, resulting in or worsening existing compression.

Measure 50

The effects of Measure 50 on city revenues are just as detrimental as those of Measure 5. By changing the property tax system from one based on market values to one based on the newly-created assessed value, Measure 50 resulted in an abrupt \$17.5 million drop in city property tax revenue statewide in FY1997-98. Overall, taxing districts lost \$51.4 million in the change to assessed values.



Measure 50 also imposed a permanent tax rate on cities, determined largely by combining whatever operating tax authority existed locally when Measure 50 passed. The permanent rate prevents city officials and residents from modifying tax rates to meet local needs or preferences, inhibiting cities from efficiently addressing unforeseen revenue issues, such as plummeting tax revenues from the departure of an industrial manufacturer or utility company. Measure 50 does allow for a temporary, voter approved local option levy. However, with the need for voter approval, there is often budgetary and service uncertainty, while the five-year limit on levies offers only a temporary remedy for cities searching for longer term fixes.

A significant element of Measure 50 is the limit it sets on the annual growth of assessed value. The measure limited growth in assessed value to 3% annually at a time when RMV for houses were regularly growing at three times that rate. Moreover, inflation and employment costs, particularly for primary city expenses like employee healthcare and pensions, have regularly exceeded the measure's 3% rate of growth limit, resulting in the slow but steady strangulation of city finances as costs increase far faster than revenues.

The Challenge

Today, after more than two decades of this slow strangulation, Oregon cities face major financial challenges. Even though RMV across much of the state are steadily increasing, compression leaves many cities with millions in lost revenues. At the same time, city costs have continued to increase and demands for social services have only grown as the economy struggled. State and federal assistance has shrunk as well, as each has undergone belt-tightening. All the while, Measure 50 has limited revenue growth and narrowed the options for cities looking to meet resident's basic needs and expectations.

9. *How does Compression Work?*

While Measure 50 determines the tax rate and caps the rate of growth, Measure 5 sets a tax ceiling. If school or general government taxes exceed the Measure 5 imposed ceiling, then each corresponding taxing district has its tax rate reduced proportionately until the tax limit is reached.

For example, consider two similar houses, Home A and Home B, located across the street from one another (see graph below). Both have a \$200,000 RMV. Accordingly, Measure 5 limits the education districts taxing authority to \$1,000 (the \$5 limit multiplied by the \$200,000 market value) and the general government taxing authority to \$2,000 (the \$10 limit multiplied by \$200,000 market value).

However, Home A has an *assessed value*, as determined by 1995-96 property values plus the 3% limited annual growth, of \$155,000. Home B has an *assessed value* of \$190,000. Remember that Measure 5 limits only apply to *market value*. The local education and general government districts therefore levy \$5.45 and \$11.80 taxes per \$1,000 of *assessed value* respectively.

This means Home A has an overall education district tax burden of \$845 (\$5.45 multiplied by 155,000) and a general government tax burden of \$1,892 (\$11.80 multiplied by 155,000). These amounts are below the Measure 5 limit of \$1,000 and \$2,000 respectively.

Home B, on the other hand, faces a different tax burden because of its higher assessed value. For this property, the education tax levied totals \$1,035 (5.45 multiplied by \$190,000), which exceeds the Measure 5 limit of \$1,000 by \$35, resulting in compression. Similarly, the general government levy of \$2,052 surpasses the Measure 5 limit of \$2,000 by \$52. The result is \$87 in compression.

HOME A	HOME B
Real Market Value = \$200,000 Assessed Value = \$155,000	Real Market Value = \$200,000 Assessed Value = \$190,000
<u>Measure 5 limits</u> Education: $\$5 \times 200^1 = \$1,000$ General: $\$10 \times 200^1 = \$2,000$ ¹ For every \$1,000 of Real Market Value	<u>Measure 5 limits</u> Education: $\$5 \times 200^1 = \$1,000$ General: $\$10 \times 200^1 = \$2,000$ ¹ For every \$1,000 of Real Market Value
<u>Measure 50 tax rates</u> Education: $\$5.45 \times 155^2 = \845 Measure 5 Compression: \$0 General: $\$11.80 \times 155^2 = \$1,892$ Measure 5 Compression: \$0 ² For every \$1,000 of Assessed Value	<u>Measure 50 tax rates</u> Education: $\$5.45 \times 190^2 = \$1,035$ Measure 5 Compression: \$35 General: $\$11.80 \times 190^2 = \$2,052$ Measure 5 Compression: \$52 ² For every \$1,000 of Assessed Value

10. *Does Measure 50 Create Inequities?*

Several provisions of Measure 50 created inequities among property owners. These include base year inequity, neighborhood to neighborhood inequity, and existing versus new construction inequity.

Base year inequity arises because Measure 50 locked in assessed value limits based on 1995-96 assessments. Prior to Measure 50, assessments were conducted every six years, with one-sixth of properties being assessed in any given year. Since more recent assessments would likely be more

accurate, any errors or inequities in the assessed market value in 1995-96 will remain forever, since the measure provides no way of altering the assessed value limits. For all practical purposes, this means approximately one-sixth of all properties were given an assessed value based on their 1989-90 RMV.

For example, consider two properties, Home A and Home B, with equal value in 1990 (\$150,000) and equal 8% annual increases in market values between 1990 and 1996. Home A, assessed in 1990-91 has an assessed market value of \$150,000 six years later. Home B, assessed in 1995-96, is valued at \$220,000 after six years of compounded 8% annual growth in market value. Based on Measure 50 formulas (1995-96 assessed market values minus 10%), Home A would have an assessed value of \$135,000, and Home B roughly \$200,000. A modest tax rate of \$10 per \$1,000 of assessed value would result in a significant difference in property taxes (\$1,350 to \$2,000). The inequities embedded in the assessed value only grow worse over time.

Exhibit A: Base Year Inequity

	Home A	Home B
Real Market Value in 1990:	\$150,000	\$150,000
Annual rate of growth	8%	8%
Assessment year:	1990	1996
Market value according to assessors in 1996:	\$150,000	\$220,000
1996 Assessed Value Limits according to Measure 50 formula:	\$135,000	\$200,000
Property taxes owed in 1996:	\$1,350	\$2,000
Assessed Value Limit in 2014:	\$230,000	\$340,000
Property taxes owed in 2010:	\$2,300	\$3,400

Assuming an annual capped growth rate of 3%, Home A would have an assessed value of roughly \$230,000 by 2014. Home B, however, would have an assessed base of nearly \$340,000. As a result, the property tax burden of Home B would be nearly one-third higher than that of Home A, \$2,300 to \$3,400, despite identical RMV.

Neighborhood to neighborhood inequity is a direct result of the fact that assessed values were locked in according to 1995-96 market values. These values may no longer accurately reflect the market values of all neighborhoods.

Imagine one neighborhood that has seen market prices increase by an average of 8% annually, while another neighborhood has seen 4% annual growth. In both neighborhoods, the tax rate has risen at the Measure 50 limit of 3% annually. This means that the ratio between RMV and assessed value is vastly different, and those property owners in the slower growing

Exhibit B: Neighborhood to neighborhood inequity

	Faster growing	Slower growing
Market value in 1996	\$150,000	\$150,000
Market value in 2013	\$555,000	\$300,000
Property taxes owed in 2013	\$4,500	\$4,500
Property taxes as percentage of RMV	0.8%	1.5%

neighborhoods are paying a higher tax rate as a percentage of their RMV than those property owners in the faster growing area.

New property inequity is caused by the county-wide calculation of the changed property ratio. To calculate the assessed value of a new property, assessors multiply the ratio of RMV to assessed value of all similar property in the county. In the above example, the changed property ratio would be calculated using the average growth of all properties in the county. Since increases in assessed value are capped at 3% annually, the faster growing neighborhood in the above example

has a ratio smaller than the slower growing neighborhood, since there is a larger difference between market and assessed values.

By averaging the ratios, however, the new property in the faster growing area would have an assessed value (and property tax liabilities) higher than that of other properties in the neighborhood. Meanwhile, the property in the slower growing area would have an assessed value lower than its neighbors. This harms taxing districts that levy in the slower growing areas of a county. For the slower growing cities, this inequity results in lower assessed values, and lower property tax collections for new property than if the changed property ratio were calculated more locally.

Exhibit C: New Property Inequity

	<i>Neighborhood with 8% annual growth</i>		<i>Neighborhood with 4% annual growth</i>	
	Home A	New Home	Home B	New Home
1996-97				
• RMV	\$150,000		\$150,000	
• AV	\$150,000		\$150,000	
2013				
• RMV	\$555,000		\$292,000	
• AV	\$248,000		\$248,000	
Ratio	0.45		0.85	
CPR for new property		0.65		0.65
2014				
• RMV	\$555,000	\$555,000	\$292,000	\$292,000
• AV	\$248,000	\$360,000	\$248,000	\$190,000