

Need Starts Property Tax Understanding

Local Governments Tax 'What You Own', Not 'What You Earn'

(Editor's note: Taxes on real and personal property will be due and payable on or before Nov. 15. The process by which taxes are computed, levied and collected is relatively complicated, and involve a number of factors. An attempt has been made to explain them in simple language in the following article.)

An understanding of local property tax machinery must start with the need for taxes. They are direct payments from the property owner to the various local governments for operating expenses.

Federal and state governments satisfy their needs, at present, principally by taxing income.

But all governments below the state level in Oregon derive funds by taxing the value of property, both real and personal.

Real property, defined by law as "things fixed, permanent or immovable," can be thought of for practical purposes as buildings and lands.

Personal property, again by law defined as "things temporary or movable," includes such items as store inventories, cattle, farm machinery, and office equipment.

In general, local units of government tax not "what you earn" but "what you own."

Local Units Support Themselves

These local units, each of which has by state law been given the power to tax to support itself, include the county, the city, and various types of "districts." In Jackson county there are five types of taxing districts: school, water, rural fire protection, sanitary and irrigation.

Each district has its own boundaries and its own jobs to perform. Often times district boundaries overlap one another so that a person may be living in several at one time.

The more districts one lives in, the more services one receives and the more taxes one must pay.

The first step in local taxation is the determination by each local governmental body (district, city, and the county) of how much money it needs for the next fiscal year. This is done in each by drawing up a budget which itemizes proposed expenditures.

Budgets Approved

The various budgets are approved by budget committees, usually in July, and formally presented to the county assessor.

The sum of the budgets of all local units of government, less the amount of revenue from sources other than property tax, equals the total amount of money that must be collected from county property owners for the next fiscal year. Taxes for all units are collected at one time by the county and distributed after collection.

Part of the assessor's job is to determine the value of all property in the county.

First, real property. An appraiser, a member of the county assessor's staff, visits each county dwelling unit and sets the "market value" of property there. The market value is, in the appraiser's opinion, the amount the owner could expect to receive for his property if he were to put it up for sale.

Appraised by Law

(Each taxpayer's property is supposed to be appraised at least once every six years according to state law. Eight appraisers work the year around in the Jackson county assessor's office.)

Market value is scaled down for taxing purposes. First a per cent of it is taken, and the result is called "true cash value." What the percentage shall be is determined annually by the state tax commission. It is the same for every county and all real property in Oregon. At present, true cash value is 80 per cent of market value in Oregon. (By 1960 it will be 100 per cent.)

Next, the assessor must reduce true cash value to an amount which will be used as the basis for taxation. This will be the "assessed value" of the property. Assessed value is a certain per cent of true cash value. The assessor determines what the per cent shall be. Assessed value in Jackson county at present is 30 per cent of true cash value.

This percentage is known as the "assessment ratio."

A similar process is used to find assessed value of personal property. An appraiser fixes the market value, or, in the case of store inventories and property of that type, the "book value." This is an approximation of the replacement cost of the property, less the price being received on the market for similar property.

Market or book value must also be scaled down to true cash value.

The state tax commission determines the per cent that shall be used for true cash value. At present it is 100 per cent.

The county assessor now determines the assessed value of the personal property by applying the county assessment ratio. The ratio is the same for personal and real property, in Jackson county 30 per cent.

A ratio is a per cent. It is the relationship of one number to another. An assessment ratio is applied to (multiplied times) the true cash value of property to determine assessed value. Thus if a house has a "market value" of \$10,000, its "true cash value" (80 per cent this year) would be \$8,000, and its assessed value (30 per cent of \$8,000 this year) would be \$2,400.

The total assessed values of properties that lie within the boundaries of each local governmental unit are added to find the total upon which a tax can be levied.

The next step is to determine the tax rate, or levy, for each unit.

The number of dollars needed (total budget minus other income) is divided by the number of dollars of property valuation available for taxation (total assessed value). The result is the levy.

'Millage Rate'

The answer comes out in thousands of a dollar, or tenths of a cent. These units are called "mills." A tax levy is expressed in mills, and is called "millage rate." Millage rates are determined for each unit of local government.

The total levy on property of a particular tax payer is found by adding together the separate millage rates of each governmental unit to which he owes taxes.

Once the total millage rate for a person's property is known, the amount of tax due is found by multiplying that rate times the assessed value of the property.

For instance, on hypothetical property which has an assessed value of \$3,000 and which has a total millage rate of 62.5 mills, the tax is \$187.50.

(Multiply 62.5 times 3,000 equals 187,500 mills due. remembering that mills are one one thousandth of a dollar, divide by 1,000, or simply move the decimal point three places to the left, to find the tax in terms of dollars: 187,500 divided by 1,000 equals \$187.50.)

The assessor figures taxes for each property owner in this way, and gives the resulting tax bill to the sheriff. The sheriff is the official tax collector. He mails you the tax bill, and you send him the money due.

Another aspect of local taxes is that of public utility taxes, those paid by the railroad, the power company, etc. Although the county collects tax from them, just as from other private property owners, the state tax commission has been designated by state law as the body which must set the assessed value of public utility property within each county.

It does so by the same methods used by county assessors. Appraisers fix market value, a per cent of that is taken for true cash value, and a per cent of that for assessed value.

Higher Ratios
In the past, ratios used to find assessed values of public utility property have been higher than assessment ratios set by county assessor for other county property.

Pear Industry Pushes Economy, Public Relations of Rogue Valley

If fruit growers and packers were to pay their employees in silver dollars for one week during the harvest peak, the coins would weigh about six tons.

In fact, growers and packers had planned to do that this year to emphasize the economic importance of Jackson county's pear industry and illustrate the theory that a dollar changes hands five times before leaving the county.

Plan Abandoned

However, the plan was considered impractical in view of shipping expense, since the coins are not commonly used here and would have to be secured from San Francisco. It would also involve a prohibitive amount of additional work for bank personnel and federal reserve authorities.

During the peak of harvest, an estimated total of men and women 4,500 are employed in the pear industry, according to employment service reports. About half are engaged in field work and the remainder in packing and processing.

Gift Packing

Additional hundreds are engaged in gift fruit packing industry, which will get under way here in a few more weeks. Employment officials also estimated that one out of every eight people seeking employment in the county work in some phase of the pear industry at some time during the year. An estimated 300 to 400 are employed by the industry on a year-round basis.

In addition to providing employment and strengthening the economy of the Rogue Valley,

The state legislature has directed the tax commission to adjust its ratios until they are approximately equal to those set by county assessors. Therefore, while market values of public utilities have risen as fast as those of other property, the tax commission has established lower assessment ratios and the assessed values of public utility have dropped.

Two reasons behind this are the fact that utilities, which used to be appraised by local assessors, have been taxed excessively in the past, and, secondly, the fact that recently utilities were made subject to corporate income tax, from which they historically had been exempt.

Shift Utility Tax

Thus, one result of the program is to shift utility tax receipts from the county to the state.

In Jackson county, the assessment ratio for public utilities dropped from 43 per cent of true cash value last year to 36 per cent this year. The assessed value of public utilities in the county will be \$10,526,804.29 for the 1956-57 fiscal year compared to \$11,476,460.05 last year, a decrease of \$949,655.76 upon which local taxes can be levied.

Assessed value of other real property in the county will be \$54,759,770 compared to \$55,054,020 last year. That of personal property will be \$14,415,550 compared to \$14,128,414 last year.

Total assessed value of all county property, including public utilities, will be \$79,702,124.29 this year. Last year it was \$80,638,894.05. This means a decrease of \$936,769.81 in assessed value within the county of which the \$949,655.76 is due to lowering of the public utility assessment ratio.

In summary, there are several reasons for tax increases or decreases on individual pieces of property:

1. The amount of the budgets of the taxing units is the most important. If budgets go up, taxes are apt to go up too.
2. Assessment ratios also have an effect. In general, the higher the ratio, the higher the tax, and vice versa.
3. Property valuation is an important factor in total taxes. If a piece of property is valued high, the tax will be higher; if it is low, the tax will be lower. This applies to the property of all.

If your neighbor's property (including that of utilities) is valued too high, your taxes will be lower; if the others' property is valued too low, your taxes will be higher.

With these three variables always at work in the field of property taxation, it is difficult for the ordinary taxpayer to know just why his taxes go the way they do. And the complexity is one reason there has been an increasing demand for a long new look at property taxation with a view toward its simplification.

pears perform a remarkable public relations function.

The Rogue valley is widely known as the oldest fruit growing district in the country. It is the origin of gift fruit packing and is now the center of the largest gift fruit packing industry in the world. Jackson county, with 10,000 pear producing acres, ranks among the three top counties in the nation. Seventy-five per cent of the national Bosc crop is grown here.

Sent All Over

Local packers and processors dispatch pears from coast to coast and border to border in the United States, all U.S. territories, Canada and a large number of foreign countries, including China, Egypt, Israel, Norway and other European countries.

In a great number of instances, the high quality of local pears has made people take note of the fruit's origin. Proof of this fact has been received here in forms of visits and correspondence.

A couple of years ago Myron Root and Company received an order from Norway for 42 rail carloads of pears. With assistance from most packers in the valley, the company was able to fill the order. A short time later a sizeable number of Norwegian school children, obviously learning the English language, wrote letters to the company praising the quality of the pears. Enclosed were the company's packing wrappers on which the youths had sketched in crayon their impressions of the fruit.

Special Train

Though competition is keen among the various local packers, this 42-car shipment exemplified cooperation among competitors to promote the industry as a whole. Railroad officials also cooperated by delaying the special train one hour in Eugene so a photograph could be taken in daylight.

The domestic fruit market is more coveted than the foreign market, though both are considered important. Rogue valley packers also strive for an even distribution of pears over the entire country, even through a large number of locally grown pears are shipped each season to the largest cities of the United States.

The packing process involves about a dozen major phases, beginning with arrival of pears by truck at the plant and ending with loading trucks or box cars for delivery.

Packing Process

Boxes of pears are unloaded from the truck with lift trucks or hand trucks, then dumped manually or mechanically into a "stop mold" solution, which prevents decay. After this solution is rinsed off, the pears are dried and sorted. In this process, defective pears are "culled" or discarded. Sizing or separating according to grade is the next big step, then the pears are wrapped in paper which has been treated with a combination of oil and copper. The wrapper was developed by Dr. Henry Hartman, Oregon State college horticulturist, and is known as the "Hartman wrapper."

Polyethylene Lining

A relatively new development in packing involves use of polyethylene bags. These transparent bags are placed inside cardboard boxes and the pears placed inside the bags. Air is removed from the bags by use of a vacuum machine, creating a gas storage condition. The bags are then closed at the top. In order to regulate the balance of gases within the container, a small hole is punched in it before the packages are moved into cold storage. The polyethylene lining gives the fruit a fresher appearance and preserves some varieties six to eight weeks longer than would otherwise be possible.

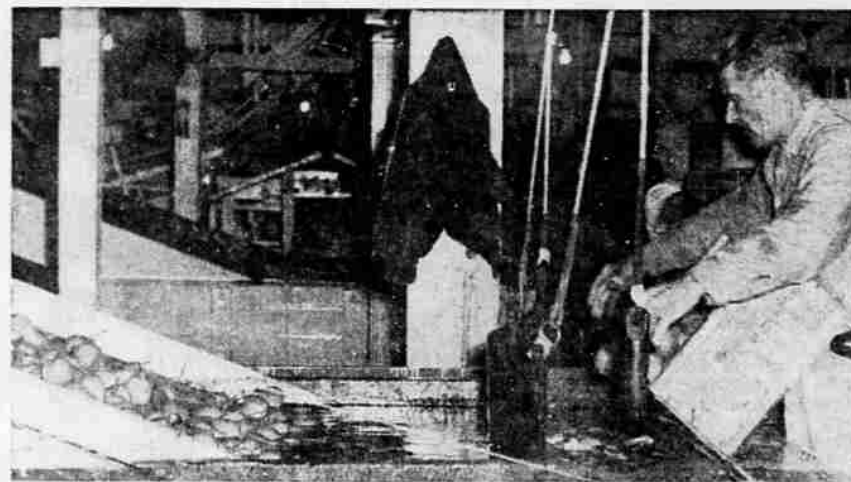
The pears are kept cool in large storage rooms, where a temperature of 30 degrees is maintained. Storage life varies according to the type of pears. Storage Life Varies

Bartlett's have the shortest life and are shipped out as soon as the market opens. Bosc can be stored until about December and D'Anjou can be kept in the cooler until about April. In the Rogue valley, about 2,400,000 boxes of fruit can be stored at one time.

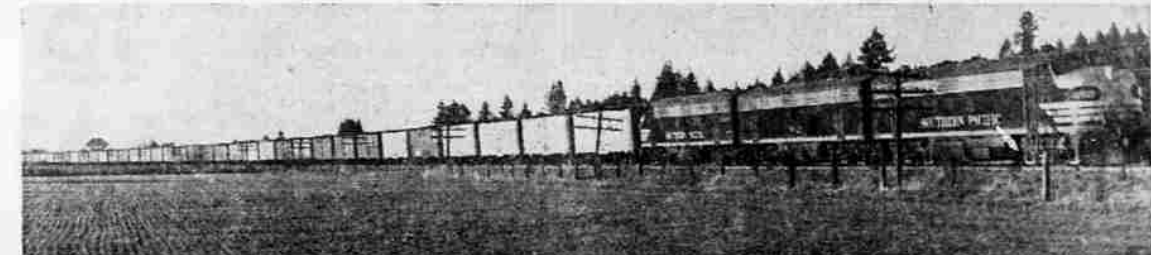
Even during shipment the pears are kept under cool conditions. Box cars and trucks are refrigerated in such a manner that the temperature won't vary more than one degree between Medford and New York.

SUEZ CANAL STAMPS

Cairo, Egypt — (U.P.) — The Egyptian Postal Administration has printed one million stamps to commemorate the nationalization of the Suez Canal, it was announced today.



WASHING PEARS—An employee of the Reter Fruit company is shown supervising the stop mold and rinsing processes before pear packing begins. The stop mold solution prevents decay. Dumping of pears into the machine. Automatic dumping is shown in picture in background.



SPECIAL PEAR TRAIN—Myron Root and Company received an order for 42 carloads of pears a couple of years ago from Norway. Most packers in the valley cooperated to fill the order. The company later received letters of praise from Norwegian school children, who also drew pictures of pears on the company's fruit wrappers. Though competition is keen among local packers, fulfillment of this order was regarded as an example of cooperation among competitors for promotion of the industry. Southern Pacific delayed the special train in Eugene for an hour for this photo to be taken.



SORTING LINE—Pears are sorted on conveyor belts as shown above at the Myron Root and Company plant. In this process, the defective fruit is discarded and higher quality pears are sent on for sizing. The fruit is separated into grades according to size. Later, the pears are packed into boxes.



NEW DEVELOPMENT—A relatively new thing in packing fruit involves use of polyethylene bags. The transparent bags are placed in boxes, air is withdrawn from the bags to create a gas storage condition and the gasses regulated by punching holes in the bags. In above photo, two employees of Reter fruit company are shown removing air from a bag with a vacume machine. Overhead are boxes ready for lidding.

Suit Blocking County Money Use Dismissed

Portland — (U.P.) — Presiding Circuit Judge Frank J. Loneragan, in effect, has dismissed a suit brought by a Multnomah county taxpayer to block payment from county funds of expenses of the Portland vice investigation.

But the judge suggested that the state help pay the costs.

Judge Loneragan, in sustaining a demurrer filed by the governor against the local suit, urged that Multnomah county commissioners join with Gov. Elmo Smith in asking the State Emergency Board to appropriate funds to meet the "extraordinary expenses" of the investigation. Judge Loneragan said the investigation was a matter of concern to the entire state.

The suit was filed by W. E. Glenn Jr., Portland restaurant operator.

The vice probe was headed by Attorney General Robert Y. Thornton at the direction of Gov. Smith.

SHERIDAN MAN KILLED

Dallas, Ore. — (U.P.) — Oren F. Daniels, 63, Sheridan, was fatally injured in a head-on collision four miles east of here Friday.

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