

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do pass as amended and be printed engrossed.
Vote: 7-0-2
Yeas: Berger, Bruun, Olson, Read, Rosenbaum, Witt, Barnhart
Nays:
Exc.: Butler, Gelser
Prepared By: Mary Ayala, Economist
Meeting Dates: 1/29, 3/13

WHAT THE BILL DOES: Repeals the September 1, 2007, sunset date for the termination of bankruptcy accounts that county assessors are allowed to create currently in order to cover their legal and related costs of collecting property taxes from bankrupt accounts. Retroactive to September 1, 2007 if the Act becomes effective after this date. Effective 91 days after sine die.

ISSUES DISCUSSED: Representatives from the Oregon Association of County Tax Collectors indicated that were it not for the existence of "property tax bankruptcy" accounts that are funded from collection of taxes and penalties owed by property owners engaged in bankruptcy proceedings, some counties would be unable to pursue collecting the taxes owed by larger bankruptcy cases. Members asked about the mechanism for funding the "property tax bankruptcy" accounts because, for some of the larger cases, the costs of collecting taxes might exceed the balances in these accounts.

EFFECT OF COMMITTEE AMENDMENTS: Adds retroactive section to eliminate requirement that the bankruptcy accounts must be terminated on June 30, 2007.

BACKGROUND:

1. Section 4 of Chapter 190, Oregon Laws 2003, as amended by Section 9, Chapter 704 Oregon Laws 2003, prescribes July 1, 2008, as the sunset date for Section 2 of Chapter 190, which grants that a county may establish a "property tax bankruptcy account," consisting of the interest earned on the account and the moneys deposited into the account by the tax collector from taxes, related penalties and interest associated with the collection of property tax liens or collections pursuant to an order from a bankruptcy court. Section 2 (2) enables a county to be reimbursed from its "property tax bankruptcy account" any attorney fees, and expenditures, such as filing fees or travel expenses that are directly related to the bankruptcy proceedings. According to Oregon Association of County Tax Collectors, total collections from orders of a bankruptcy court for 3 years (2003-2005) totaled \$1.172 million. The attorney fees associated with these orders totaled \$116,364.38. Section 2 (4) stipulates that not later than June 30th of each year the county treasurer shall deposit the balance in its "property tax bankruptcy account" to an "unsegregated tax account" for distribution to all of the taxing districts.
2. Section 18 of Chapter 190, Oregon Laws 200s stated that Section 2 pertains to taxes due after November 28, 2003, and before July 1 2008.
3. Section 5 of Chapter 190, Oregon Laws 2003 states that on June 30, 2007, the county treasurer must deposit the balance of the "property tax bankruptcy account" into the county's "unsegregated tax collections account." If HB 2030 is enacted, the final deposit date from the "property tax bankruptcy account" to the "unsegregated account" would have to be repealed or extended.
4. Sections 19 and 20 of Chapter 190, Oregon Laws 2003 attach different effective dates to certain sections of Chapter 190, Oregon Laws 2003. Sections 7, 9, 11, 13, 15 and 17 have an effective date of July 1, 2008; and Sections 6, 8, 10, 12, and 14 have an effective date of July 1, 2004. However, except for this difference, the language in the two sets of sections is virtually identical.