

REVENUE: Revenue Statement Issued

FISCAL: No Fiscal Impact

Action: Do pass

Vote: 5-0-0

Yeas: Burdick, G. George, Monroe, Starr, Deckert

Nays:

Exc.:

Prepared By: Mary Ayala, Economist

Meeting Dates: 5/16

WHAT THE BILL DOES: Allows counties to pay contested property tax refunds prior to conclusion of property tax appeals. Provides for collection of additional taxes or payment of additional refund upon resolution of property tax appeals. Applies to refunds related to property tax years beginning on or after July 1, 2007 and to appeals pending as of the effective date of this Act. Takes effect 91 days after sine die.

ISSUES DISCUSSED:

- That HB 2236 pertains only to tax liabilities that are under appeal, in which case if certain aspects of the appeal are settled long before the court issues a final determination of the tax liability, and if both the taxpayer and the assessor agree, then the tax assessor will be able to pay an undisputed portion of the refund to the taxpayer before the court issues a final determination of the tax liability.
- During an appeal, a 12% annual interest must eventually be paid on both the disputed and undisputed amount of any refund that is due. As such, taxpayers have an incentive to over-report their assets in order to earn this interest.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Cases that are under appeal may take several months or years to resolve. Some portions of the tax dispute may be resolved early during the appeals process.

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This summary has not been adopted or officially endorsed by action of the committee.