

Senate Bill 563

Sponsored by COMMITTEE ON FINANCE AND REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Redirects deposit of interest on late payment of property taxes from County Assessment and Taxation Fund to County Assessment Function Funding Assistance Account.

Sunsets redirected deposits of interest for tax years beginning on or after July 1, 2013.

A BILL FOR AN ACT

1
2 Relating to interest due on the late payment of property taxes; creating new provisions; and
3 amending ORS 294.184, 294.187, 311.505 and 311.508.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 294.184 is amended to read:

6 294.184. (1) There is created under ORS 293.445 a suspense account to be known as the County
7 Assessment Function Funding Assistance Account. The account shall consist of:

8 **(a) Moneys deposited and credited to the fund under ORS 311.508;**

9 *[(a)] (b) [All] Moneys paid over by the county treasurers as provided under ORS 294.187; and*

10 *[(b)] (c) [All] Interest earned upon any moneys in the account.*

11 (2) Of the moneys in the account as of the last day of each fiscal quarter, the moneys necessary
12 to pay the following Department of Revenue expenses shall be transferred to a suspense account of
13 the department created under ORS 293.445 and are continuously appropriated to the department for:

14 (a) Expenses incurred in carrying out the purposes of ORS 294.175 to 294.184; and

15 (b) Appraisal expenses incurred by the department in appraising principal and secondary indus-
16 trial properties identified under ORS 306.126 and property of centrally assessed companies under
17 ORS 308.505 to 308.665.

18 (3) The total amount of moneys transferred to the suspense account of the department under
19 subsection (2) of this section may not exceed 10 percent of the moneys in the account as of the last
20 day of the fiscal quarter for which the transfer is being made.

21 (4) The remainder of the moneys in the account as of the last day of the fiscal quarter shall be
22 used for the purpose of making the grant payments to counties as required under ORS 294.178 and
23 are continuously appropriated to the department for that purpose.

24 **SECTION 2.** ORS 294.187 is amended to read:

25 294.187. (1) There is created in the county treasury of each county a fund to be known as the
26 County Assessment and Taxation Fund. The fund shall consist of:

27 *[(a) Moneys deposited and credited to the fund under ORS 311.508.]*

28 *[(b)] (a) Moneys deposited and credited to the fund under ORS 205.323.*

29 *[(c)] (b) Interest earned upon moneys credited to the fund.*

30 (2) The county treasurer shall pay over the moneys in the fund, determined as of the last day
31 of the fiscal quarter, to the State Treasurer on or before the 10th day of the month following the

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 last day of the fiscal quarter.

2 (3) The State Treasurer shall deposit and credit the moneys received under subsection (2) of this
3 section to the County Assessment Function Funding Assistance Account referred to in ORS 294.184.

4 (4) If the county treasurer fails to pay over moneys, as required under subsection (2) of this
5 section, then any unpaid moneys shall be a debt due and owing by the county to the state and the
6 county shall pay the legal rate of interest thereon from the due date until paid. Payment of interest
7 under this section shall not relieve the county treasurer from any penalty imposed by law for failure
8 to make the payments, and in addition, the county treasurer shall be liable under ORS 311.375 (4)(a)
9 and (b).

10 (5) ORS 294.305 to 294.565 do not apply to a fund created under this section.

11 **SECTION 3.** ORS 311.505 is amended to read:

12 311.505. (1) Except as provided in subsection (6) of this section, the first one-third of all taxes
13 and other charges due from the taxpayer or property, levied or imposed and charged on the latest
14 tax roll, shall be paid on or before November 15, the second one-third on or before February 15, and
15 the remaining one-third on or before May 15 next following.

16 (2) Interest shall be charged and collected on any taxes on property, other charges, and on any
17 additional taxes or penalty imposed for disqualification of property for special assessment or ex-
18 emption, or installment thereof not paid when due, at the rate of one and one-third percent per
19 month, or fraction of a month until paid.

20 (3) Discounts shall be allowed on partial or full payments of such taxes, made on or before No-
21 vember 15 as follows:

22 (a) Two percent on two-thirds of such taxes so paid.

23 (b) Three percent where all of such taxes are so paid.

24 (4) For purposes of this section, "taxes" includes all taxes on property as defined in ORS 310.140
25 and certified to the assessor under ORS 310.060 except taxes assessed on any other property which
26 have by any means become a lien against the property for which the payment was made.

27 (5) *[All interest collected and]* All discounts allowed shall be prorated to the several municipal
28 corporations, taxing districts and governmental agencies sharing in the taxes or assessments.

29 (6) If the total property tax is less than \$40, no installment payment of taxes shall be allowed.

30 **SECTION 4.** ORS 311.508 is amended to read:

31 311.508. *[(1) Except as provided under subsection (2) of this section and notwithstanding ORS*
32 *311.505 (5):]*

33 *[(a) (1) [Twenty-five percent of]* The interest charged and collected under ORS 311.505 shall be
34 deposited and credited to the **County Assessment Function Funding Assistance Account de-**
35 **scribed in ORS 294.184.** *[County Assessment and Taxation Fund created under ORS 294.187; and]*

36 *[(b) An additional 25 percent of the interest charged and collected under ORS 311.505 shall be*
37 *deposited and credited to the County Assessment and Taxation Fund created under ORS 294.187 to the*
38 *extent the interest would otherwise be distributed to cities or other taxing districts that are not counties*
39 *or districts within the public school system.]*

40 *[(2) On or before June 15 of each year, the Department of Revenue shall estimate the amount of*
41 *interest that will be deposited and credited to the County Assessment Function Funding Assistance*
42 *Account created under ORS 294.184 for the ensuing fiscal year. If the estimate is less than \$13 million,*
43 *the department shall certify to each county treasurer an increase in the percentage specified under*
44 *subsection (1)(a) of this section to the end that the estimate reaches \$13 million. However, no increase*
45 *in percentage shall be certified that will raise and make available for deposit and credit to the County*

1 *Assessment Function Funding Assistance Account for the ensuing fiscal year an amount that is in*
 2 *excess of \$3 million over the amount estimated under this subsection to be received under subsection*
 3 *(1)(a) of this section for the ensuing fiscal year.]*

4 [(3) Upon receipt of certification from the department under subsection (2) of this section, the county
 5 treasurer shall deposit and credit to the County Assessment and Taxation Fund for the fiscal year to
 6 which the certification applies the percentage of the interest charged and collected under ORS 311.505
 7 so certified.]

8 [(4) (2) [The percentage of] The interest [on unpaid taxes and penalties] required to be deposited
 9 and credited to the [County Assessment and Taxation Fund] **County Assessment Function Fund-**
 10 **ing Assistance Account** under this section shall be deposited and credited in the [same manner that
 11 the remaining interest is deposited and credited under] **manner described in** ORS 311.385.

12 **SECTION 5.** ORS 294.184, as amended by section 1 of this 2009 Act, is amended to read:

13 294.184. (1) There is created under ORS 293.445 a suspense account to be known as the County
 14 Assessment Function Funding Assistance Account. The account shall consist of:

15 [(a) Moneys deposited and credited to the fund under ORS 311.508.]

16 [(b)] (a) Moneys paid over by the county treasurers as provided under ORS 294.187; and

17 [(c)] (b) Interest earned upon any moneys in the account.

18 (2) Of the moneys in the account as of the last day of each fiscal quarter, the moneys necessary
 19 to pay the following Department of Revenue expenses shall be transferred to a suspense account of
 20 the department created under ORS 293.445 and are continuously appropriated to the department for:

21 (a) Expenses incurred in carrying out the purposes of ORS 294.175 to 294.184; and

22 (b) Appraisal expenses incurred by the department in appraising principal and secondary indus-
 23 trial properties identified under ORS 306.126 and property of centrally assessed companies under
 24 ORS 308.505 to 308.665.

25 (3) The total amount of moneys transferred to the suspense account of the department under
 26 subsection (2) of this section may not exceed 10 percent of the moneys in the account as of the last
 27 day of the fiscal quarter for which the transfer is being made.

28 (4) The remainder of the moneys in the account as of the last day of the fiscal quarter shall be
 29 used for the purpose of making the grant payments to counties as required under ORS 294.178 and
 30 are continuously appropriated to the department for that purpose.

31 **SECTION 6.** ORS 294.187, as amended by section 2 of this 2009 Act, is amended to read:

32 294.187. (1) There is created in the county treasury of each county a fund to be known as the
 33 County Assessment and Taxation Fund. The fund shall consist of:

34 (a) **Moneys deposited and credited to the fund under ORS 311.508.**

35 [(a)] (b) Moneys deposited and credited to the fund under ORS 205.323.

36 [(b)] (c) Interest earned upon moneys credited to the fund.

37 (2) The county treasurer shall pay over the moneys in the fund, determined as of the last day
 38 of the fiscal quarter, to the State Treasurer on or before the 10th day of the month following the
 39 last day of the fiscal quarter.

40 (3) The State Treasurer shall deposit and credit the moneys received under subsection (2) of this
 41 section to the County Assessment Function Funding Assistance Account referred to in ORS 294.184.

42 (4) If the county treasurer fails to pay over moneys, as required under subsection (2) of this
 43 section, then any unpaid moneys shall be a debt due and owing by the county to the state and the
 44 county shall pay the legal rate of interest thereon from the due date until paid. Payment of interest
 45 under this section shall not relieve the county treasurer from any penalty imposed by law for failure

1 to make the payments, and in addition, the county treasurer shall be liable under ORS 311.375 (4)(a)
 2 and (b).

3 (5) ORS 294.305 to 294.565 do not apply to a fund created under this section.

4 **SECTION 7.** ORS 311.505, as amended by section 3 of this 2009 Act, is amended to read:

5 311.505. (1) Except as provided in subsection (6) of this section, the first one-third of all taxes
 6 and other charges due from the taxpayer or property, levied or imposed and charged on the latest
 7 tax roll, shall be paid on or before November 15, the second one-third on or before February 15, and
 8 the remaining one-third on or before May 15 next following.

9 (2) Interest shall be charged and collected on any taxes on property, other charges, and on any
 10 additional taxes or penalty imposed for disqualification of property for special assessment or ex-
 11 emption, or installment thereof not paid when due, at the rate of one and one-third percent per
 12 month, or fraction of a month until paid.

13 (3) Discounts shall be allowed on partial or full payments of such taxes, made on or before No-
 14 vember 15 as follows:

15 (a) Two percent on two-thirds of such taxes so paid.

16 (b) Three percent where all of such taxes are so paid.

17 (4) For purposes of this section, "taxes" includes all taxes on property as defined in ORS 310.140
 18 and certified to the assessor under ORS 310.060 except taxes assessed on any other property which
 19 have by any means become a lien against the property for which the payment was made.

20 (5) **All interest collected and** all discounts allowed shall be prorated to the several municipal
 21 corporations, taxing districts and governmental agencies sharing in the taxes or assessments.

22 (6) If the total property tax is less than \$40, no installment payment of taxes shall be allowed.

23 **SECTION 8.** ORS 311.508, as amended by section 4 of this 2009 Act, is amended to read:

24 311.508. (1) **Except as provided under subsection (2) of this section and notwithstanding**
 25 **ORS 311.505 (5):**

26 [(1)] (a) **Twenty-five percent** of the interest charged and collected under ORS 311.505 shall be
 27 deposited and credited to the [*County Assessment Function Funding Assistance Account described in*
 28 *ORS 294.184.*] **County Assessment and Taxation Fund created under ORS 294.187; and**

29 (b) **An additional 25 percent of the interest charged and collected under ORS 311.505 shall**
 30 **be deposited and credited to the County Assessment and Taxation Fund created under ORS**
 31 **294.187 to the extent the interest would otherwise be distributed to cities or other taxing**
 32 **districts that are not counties or districts within the public school system.**

33 (2) **On or before June 15 of each year, the Department of Revenue shall estimate the**
 34 **amount of interest that will be deposited and credited to the County Assessment Function**
 35 **Funding Assistance Account created under ORS 294.184 for the ensuing fiscal year. If the**
 36 **estimate is less than \$13 million, the department shall certify to each county treasurer an**
 37 **increase in the percentage specified under subsection (1)(a) of this section to the end that**
 38 **the estimate reaches \$13 million. However, no increase in percentage shall be certified that**
 39 **will raise and make available for deposit and credit to the County Assessment Function**
 40 **Funding Assistance Account for the ensuing fiscal year an amount that is in excess of \$3**
 41 **million over the amount estimated under this subsection to be received under subsection**
 42 **(1)(a) of this section for the ensuing fiscal year.**

43 (3) **Upon receipt of certification from the department under subsection (2) of this section,**
 44 **the county treasurer shall deposit and credit to the County Assessment and Taxation Fund**
 45 **for the fiscal year to which the certification applies the percentage of the interest charged**

1 **and collected under ORS 311.505 so certified.**

2 [(2)] (4) **The percentage of** the interest required to be deposited and credited to the [*County*
3 *Assessment Function Funding Assistance Account*] **County Assessment and Taxation Fund** under
4 this section shall be deposited and credited in the [*manner described in*] **same manner that the**
5 **remaining interest is deposited and credited under** ORS 311.385.

6 **SECTION 9. The amendments to ORS 294.184, 294.187, 311.505 and 311.508 by sections 1**
7 **to 4 of this 2009 Act apply to tax years beginning on or after July 1, 2009, and before July 1,**
8 **2013.**

9 **SECTION 10. The amendments to ORS 294.184, 294.187, 311.505 and 311.508 by sections 5**
10 **to 8 of this 2009 Act apply to tax years beginning on or after July 1, 2013.**

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