2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3612 **STATUS:** A-Engrossed
SUBJECT: Repayment of additional ad valorem property taxes
GOVERNMENT UNIT AFFECTED: Counties, Department of Revenue
PREPARED BY: Erica Kleiner
REVIEWED BY: Laurie Byerly
DATE: February 12, 2010

	2009-2011	2011-2013
EXPENDITURES:		
See Analysis.		

EFFECTIVE DATE: 91st day after the date on which the special session of the Seventy-fifth Legislative Assembly adjourns sine die.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: Senate Bill 3612 allows for the repayment of additional ad valorem property taxes that are owed due to an error (for more than one year), one tax year at a time. The bill allows payments to be spread out over six tax years.

Current law allows County Assessors to add these additional taxes to the next year's tax statement. To be included on November's tax statement, County Assessors have only until the end of June of the same years to enter corrections to the tax roll. Depending on when the notification of a correction is sent by the County Assessor, a taxpayer may have as little as five months to make a payment. These payments could be substantial as taxpayers may owe taxes for a period of up to five years. A number of individual taxpayers in Jackson County expressed concerns about this timing issue. This concern was prompted by a substantial number of corrections made to the tax roll in Jackson County, which occurred as a result of a software change in the county.

There is an indeterminate fiscal impact to counties. Counties will require some expense for the reprogramming of county tax systems to accommodate the extended billing. The cost to counties will vary, depending on their individual computer systems and existing contracts for maintenance. Some counties have contracts with software vendors that specify that reprogramming must be done by the vendor. The range of these costs is unknown as these counties don't have estimates from their vendors for the programming changes. To the extent that counties can put a "notation" in their current systems and store the payment information elsewhere, the cost of this bill will be limited.

The Department of Revenue will incur a minimal fiscal impact as a result of this bill. This impact can be absorbed within currently budgeted resources.