

HB 2478

Bill Overview

This bill is a direct result of the work of the 2009-10 interim HB 2920 Government Efficiency Task Force lead by Representative Nathenson. That task force made a number of recommendations to improve government efficiency and effectiveness.

One of the recommendations from that tax force report was to eliminate the intermediate step of having large industrial properties appeal first to a local board of appeals before an appeal can proceed to the Tax Court, Magistrate Division.

- By law, the Department of Revenue and the 36 counties jointly appraise all property in Oregon each year.
- The counties generally appraise all residential and commercial properties as well as industrial property valued at under \$1 million. The department appraises all industrial properties valued over \$1 million and all utility companies.
- The focus of this bill is just those complex industrial properties appraised by the department. Examples would be Intel and Precision Cast Parts.
- Under current law the first appeal is to the local board of property tax appeals. This board is made up of local volunteers, often with real estate background and they provide a third party type of review with primary contribution at the residential and commercial property level.
- Currently the law allows the taxpayer to elect a direct appeal to the magistrate. Annually about half of the appeals to the magistrate result from this "election".
- These appeals are complex and do not fit well within the forum or format of the local board.
- There is no substantive review of the property at this level, there is no discovery allowed so the parties can't use the process to get to the areas of disagreement and often the board sustains the department's asserted value for lack of reasonable alternative.
- This process is inefficient and costly. It would serve everyone's best interests to allow a direct appeal to the Magistrate Division of the Tax Court.
- Delays of 6 or more months often result in added costs to local governments and schools where interest is ultimately paid on any refunds for those accounts where the value is reduced.