



Division of Assessment Recording and Taxation

**MULTNOMAH COUNTY OREGON**

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MEASURE: HB 2569  
EXHIBIT: D  
HOUSE REVENUE COMMITTEE  
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**HOUSE BILL 2569**

**Property Tax: Deferred Billing Credit**

**Testimony of Multnomah County: SUPPORT**

Public Hearing, February 8, 2011

**ISSUE SUMMARY**

- Large-value property tax appeals render local government budgeting uncertain.
- Interest on property tax refunds accrues at a rate of **12% per year**.
- At this rate of interest, substantial interest debts could reduce the availability of local funding for services upon which Oregon citizens depend and create gaps in local budgets.
- Example: Consider a taxpayer who prevails after five years of litigation over a principal amount of taxes of \$4M per tax year . . .
  - **The interest debt alone could exceed \$7M;**
  - **The total bill to local governments could be more than \$27M.**

**SOLUTION: HB 2569 – DEFERRED BILLING CREDIT**

- To protect local budgets without unfair treatment to taxpayers who appeal property value, this bill authorizes assessors defending large value appeals to defer the billing of a portion of taxes;
  - Property will be assessed and the tax determined per the normal course; but
  - Collection of a portion of the tax will be deferred until appeal resolved.
- Result: Large interest debts will not accrue on taxes for which collection deferred.
- Fairness to Taxpayers: Taxpayers who appeal their property value are not placed at any disadvantage:
  - They still collect 12% interest on any further refunds ordered by the court;
  - They collect 12% interest on any credits that include the return of tax payments;
  - They do not pay interest on any credited amount; yet
  - They retain the use of their money until the dispute is resolved.

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### **KEY BILL CONCEPTS**

- Assessor may order a deferred billing credit when > \$1M in property value is appealed;
  - o The \$1M threshold may be exceeded by the value appealed in a single year, the cumulative value of more than one tax year under appeal, and the cumulative value of separate appeals when those appeals involve property attributable to a single business enterprise, such as when functionally-related property or property that is part of a particular business concern is listed in separate property tax accounts and separately appealed;
- The credit may issue at any time during litigation;
- The amount of the credit relates to the risk of refund and interest payments.
- Interest:
  - o Taxpayers do not pay interest if ordered by the court to pay deferred taxes on deferred payments if satisfy ORS 311.513;
  - o Interest is paid to taxpayers on credits involving a return of tax payments as well as any refund in excess of the credit ordered by the court (ORS 311.812).