

**REVENUE IMPACT OF  
 PROPOSED LEGISLATION  
 Seventy-Sixth Oregon Legislative  
 Assembly  
 2011 Regular Session  
 Legislative Revenue Office**

**Bill Number: HB 2478  
 Revenue Area: Property Tax  
 Economist: Christine Broniak  
 Date: 2/15/2011**

**Measure Description:**

Requires taxpayer to file appeal of assessed or specially assessed value of land or improvements of principal or secondary industrial property in tax court.

**Revenue Impact (in \$Millions):**

The measure is expected to reduce interest payments by \$ 0.15 million per biennium.

	2011-13	2013-15
Reduced interest payments from county governments and taxing districts to taxpayers	\$0.15 million	\$0.15 million

**Impact Explanation:**

Currently, principal or secondary industrial taxpayers wishing to appeal property tax assessment have the option of appealing to the Board of Property Tax Appeals (BOPTA) or directly to the tax court. The BOPTA rarely, if ever, sustains a reduction in value and will often move the case along to the tax court. The BOPTA process also entails a delay of several months, during which time the state will owe 12% interest on a refund if a case is appealed and the court finds in favor of the taxpayer.

A range of time savings can be considered to estimate revenue impacts. In the fastest scenario, assume a taxpayer appeals to the BOPTA and the case is heard as early as possible (The first Monday in February.) The case will be heard 3 months after the tax bill in question is received by the taxpayer around October 25<sup>th</sup>. If the tax is to be reduced, the most common scenario is for it to be appealed from BOPTA to the magistrate or tax court. To continue with the fastest scenario, assume the appeal is filed immediately after the BOPTA hearing, the case would immediately be in the queue for tax court. The most expedient case that bypasses BOPTA and moves directly to tax court would be the result of a taxpayer filing an appeal immediately after receiving the tax bill around October 25<sup>th</sup>, and the case immediately queues up for tax court. These are two scenarios in which the taxpayer moves immediately to appeal (with the fastest timing for the BOPTA hearing) and the appeal involving the BOPTA takes three months longer for the case to get into the queue for the magistrate or tax court.

On the other hand, the slowest scenario when the appeal initially is filed with BOPTA involves the board hearing the case near the end of the BOPTA hearings around April 15<sup>th</sup>. Upon appealing to the tax court, the taxpayer waits the full 30 days until the statutory deadline, and does not file the appeal until May 15<sup>th</sup>. The slowest timeframe for an appeal directly to the tax court is one in which the taxpayer waits the full 90 days allowed in statute to file the appeal upon receiving the tax bill after October 25<sup>th</sup>. The taxpayer files the appeal with the tax court or magistrate on January 25<sup>th</sup>, 3.5 months before the slowest scenario in which the BOPTA is used.

Records of tax appeal cases that are heard by BOPTA and ultimately reduced by either the Department of Revenue or the tax court or magistrate show an average of \$15.7 million in value reduced annually in the past 5 tax years. Most of the cases are settled before proceeding to tax court, once they are scheduled for tax court, but the taxes and interest are refunded from the unsegregated tax collections account in the case where real market value is reduced.

<b>Tax Year</b>	<b>Total Real Market Value Ultimately Reduced for Cases That Passed Through BOPTA</b>	<b>Interest Saved if Appeals Process is 3 Months Faster</b>
2005	\$13,722,400	\$66,115
2006	\$4,000,432	\$19,274
2007	\$11,711,707	\$56,427
2008	\$21,003,692	\$101,196
2009	\$28,181,363	\$135,778
2010	Not Yet Available	Not Yet Available
<b>Average</b>	<b>\$15,723,919</b>	<b>\$75,758</b>
<b>Biennium (Annual Avg. X 2)</b>	<b>\$31,447,838</b>	<b>\$151,516</b>

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No