



HOUSE BILL 2569A

*Comments by Gil Riddell, Policy Coordinator, Association of Oregon Counties,
before the Senate Finance and Revenue Committee, May 2, 2011.*

The Association of Oregon Counties respectfully urges the Committee to **pass HB 2569A**.

What HB 2569A will do

Authorizes a county assessor to order a "deferred billing credit" to a taxpayer/appellant, if the value at issue in the property tax appeal exceeds \$1 million.

The bill originates from the County Assessors Association and an AOC work group on large value appeals, which included direct stakeholders in property tax collections (OSBA, COSA, LOC, SDAO, AOC, OCCA) with technical advice from the Department of Revenue.

HB 2569A, after technical amendments, passed the House 57-3.

Current law

When there is a large value appeal, such as a central assessment by DOR (e.g., Comcast), the taxpayer/appellant typically pays the taxes for the disputed amount of value, on which accrues 12% interest. After the appeal is settled by court or agreement, which likely could take years, and there is money owed to the taxpayer, the payment to the taxpayer of tax payments plus interest comes out of the current Unsegregated Tax Account. In other words, it is paid by other taxpayers, from their payments for schools and other public services. Moreover, the substantial refund and interest payments that can arise from these large value appeals can, at worst, blow holes in local budgets and, at best, cause uncertainty in the local budgeting process.

Best solution available

HB 2569A grants authority to the county assessor to issue a deferred credit to the taxpayer for taxes owing on the disputed amount of value. The taxpayer keeps

her money to use as she wishes without the threat of 16% delinquency interest accumulating against her. In return, no refund interest accumulates on that amount. Not a perfect solution: the taxes are not collected and distributed to schools and other districts. But it reduces exposure of the UTA and is eminently fair to the taxpayer/appellant.

What is at stake

If HB 2569A does not pass, here is a single example of what is at stake. For districts in Multnomah County alone, in the Comcast appeal alone, interest in the first year accrued at \$40,000/month. Now in the second year, the accrued amount doubles as the amount in dispute accumulates, and so on in succeeding years. The common expectation is that the Comcast appeal will run five years or more. An adverse settlement will be paid to the appellant by other taxpayers, who paid their taxes for schools and other public services, not refund interest.

HB 2569A is straight forward, friendly to the taxpayer, and keeps more revenues working for public services. Please pass HB 2569A.