



**Intergovernmental
Relations**

May 2, 2011

City of Eugene
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Senator Burdick, Chair
Senate Finance and Revenue Committee

RE: House Bill 2569A – Deferred Billing in Property tax Appeals

Dear Chair Burdick and Members of the Committee:

The City of Eugene strongly **supports** House Bill 2569A, which would provide local governments with a tool to save the loss of tax revenues due to large property tax appeals that may occur in the future.

This bill, which comes from an Association of Oregon Counties interim task force, would allow property under appeal with a disputed value above \$1 million to be assessed, taxed and sent a tax bill as normal but then the assessor in certain circumstances could then issue a "deferred billing credit" notice to the taxpayer informing them to not pay some portion of the tax related to the disputed value. Under this scenario, the taxpayer would hold on to their money pending an appeal so that the district would not incur the 12% interest required by statute on a refund if the appeal succeeds.

The intent of this bill is for this to be used in very limited circumstances as a way to mitigate the 12% interest that accrues to all the districts on refunds for appeals that go on for years. Right now, assessors only have the ability to set up a refund reserve for disputed principal in certain situations but they have no way to stop the interest accrual or set aside money for the interest for districts. Under the current statutory scheme, sophisticated taxpayers may be utilizing the property tax appeal process and the 12% interest on refunds as an investment strategy, which is to the detriment of our local governments and schools.

We support the amendments adopted in the House which provide that if the value is upheld and/or no change in the original tax amount occurs, then the taxpayer must pay the tax amount due within 45 days for immediate distribution to the districts; and if any additional taxes are payable upon the resolution of an appeal, the taxpayer would receive a 3% discount if paid on time.

HB 2569A would provide a valuable tool for local governments that does not change the valuation process or the tax bill/tax distribution schedule. We urge your support of House Bill 2569A.

Sincerely,
/S/ Brenda Wilson,
Intergovernmental Relations Manager