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March 7, 2011

Chair Burdick  
Vice-Chair Morse  
Senator Hass  
Senator Telfer

RE: Senate Bill 818 – Public Hearing March 7, 2011

Dear Honorable Members of the Senate Finance & Revenue committee;

Thank you for considering the following information regarding the potential impacts of Senate Bill 818 in Lane County. While the Lane County Board of Commissioners has not yet taken a position on this bill, I do expect there will be a formal position on this bill by the end of this week. This letter is written solely on my behalf as the County Assessor.

**Property Owner impacts**

In Lane County we have over 1,200 commercial accounts located on industrial land. These properties are currently classified as commercial property under Department of Revenue rules and therefore have received the benefit of the lower commercial "changed property ratio" under Measure 50 for any new construction that has occurred since 2006. If I were to go back in time and reclassify these properties to industrial based on the land use only, I will have to reset their Measure 50 values using the higher industrial changed property ratio for any new construction. This will increase their taxes. It is unclear to me from how the bill is currently written as to whether I will be required to bill for back taxes owing as a result of these changes – or if the increased values will be point forward only. With the passage of HB3612 in the 2010 special session, prior year tax roll corrections are now more complicated to process and the billing of back taxes is extended over multiple future tax years. The property owners will also receive additional tax court appeal rights when a roll correction is made to their account. For Lane County many of these accounts have already been adjudicated.

Conversely, there are 100 accounts in Lane County with industrial uses on commercial or other non-industrially zoned lands that would see potentially lower values and taxes from this law if they had any Measure 50 value changes during that four year period. If their taxes are lowered, then the bill requires a refund for those four years.

**County Budget impacts**

The bill as written will require my office to reappraise 3,500 properties at an average of four hours staff time per account. (This includes over 1600 residential properties on non-residential land.) This will create approximately 14,000 staff hours of work, or the

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equivalent of 6.7 FTE appraisers, at an approximate cost of \$500,000. Lane County cannot afford to implement this project. Our county is cutting \$6.5 million from its budget in 2011-12 and \$250,000 of that reduction will come from the Assessment and Taxation budget. It will be impossible for me to implement this law given our county's budget issues and the minimal staffing that is allocated to my department.

**Considerations**

If there is an underlying concern with the current Department of Revenue rule that governs property classification of mixed-use and non-conforming use properties, please consider the formation of a workgroup to more closely examine the issue and propose simpler solutions. This is a complex issue embedded in a complex system and it would be worthwhile to see if we can find a less costly solution to achieve your goals.

If a workgroup is not an option and this bill will be moving forward, please consider an amendment to make the changes on a point-forward basis and not retroactively. As the bill is written now, it will require literally thousands of roll corrections and legal notices to be sent to the affected property owners who paid their property taxes in good faith reliance that our office had properly assessed their accounts according to the laws and administrative rules in place during that time period. They may not appreciate or understand having the rules changed on them years later.

If I can answer any additional questions or be of assistance to the committee, please let me know.

Sincerely,



Anette Spickard  
Lane County Assessor

Cc: Commissioner Faye Stewart, Chair  
Commissioner Sid Leiken, Vice-Chair  
Commissioner Jay Bozievich  
Commissioner Rob Handy  
Commissioner Pete Sorenson