

House Bill 3167

Sponsored by COMMITTEE ON REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Eliminates discounts for partial or full payment of property taxes on or before November 15. Requires payment of one-half of taxes and other charges due on or before November 15 and remaining one-half on or before May 15 next following.

Applies to property tax years beginning on or after July 1, 2011.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to payment of property taxes; creating new provisions; amending ORS 86.260, 92.095,
3 294.361, 294.381, 307.244, 308.260, 308.640, 311.250, 311.356, 311.392, 311.395, 311.415, 311.465,
4 311.505, 311.508, 311.510, 311.531, 311.812, 315.119, 496.340 and 757.883; repealing ORS 311.507;
5 and prescribing an effective date.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 311.505 is amended to read:

8 311.505. (1) Except as provided in subsection [(6)] (5) of this section, the first [*one-third*] **one-half**
9 of all taxes and other charges due from the taxpayer or property, levied or imposed and charged on
10 the latest tax roll, shall be paid on or before November 15[, *the second one-third on or before Feb-*
11 *ruary 15,*] and the remaining [*one-third*] **one-half** on or before May 15 next following.

12 (2) Interest shall be charged and collected on any taxes on property, other charges, and on any
13 additional taxes or penalty imposed for disqualification of property for special assessment or ex-
14 emption, or installment thereof not paid when due, at the rate of one and one-third percent per
15 month, or fraction of a month until paid.

16 [(3) *Discounts shall be allowed on partial or full payments of such taxes, made on or before No-*
17 *vember 15 as follows:*]

18 [(a) *Two percent on two-thirds of such taxes so paid.*]

19 [(b) *Three percent where all of such taxes are so paid.*]

20 [(4)] (3) For purposes of this section, "taxes" includes all taxes on property as defined in ORS
21 310.140 and certified to the assessor under ORS 310.060 except taxes assessed on any other property
22 which have by any means become a lien against the property for which the payment was made.

23 [(5)] (4) All interest collected [*and all discounts allowed*] shall be prorated to the several mu-
24 nicipal corporations, taxing districts and governmental agencies sharing in the taxes or assessments.

25 [(6)] (5) If the total property tax is less than \$40, no installment payment of taxes shall be al-
26 lowed.

27 **SECTION 2.** ORS 311.250 is amended to read:

28 311.250. (1) Except as to real property assessed to "unknown owners" pursuant to ORS 308.240
29 (2), on or before October 25 in each year, the tax collector shall deliver or mail to each person (as
30 defined in ORS 311.605) shown on the tax roll as an owner of real or personal property, or to an

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 agent or representative authorized in writing pursuant to ORS 308.215 by such person, a written
 2 statement of property taxes payable on the following November 15.

3 (2) The failure of a taxpayer to receive the statement described in this section shall not invali-
 4 date any assessment, levy, tax, or proceeding to collect tax.

5 (3) The tax collector shall not be liable for failure to deliver or mail the tax statements by Oc-
 6 tober 25 as provided in subsection (1) of this section if such failure was caused by not receiving the
 7 tax roll from the assessor by the time provided by law or by reason of any other circumstance be-
 8 yond the control of the tax collector. In such case the tax collector shall deliver or mail the state-
 9 ments as soon as possible.

10 (4) Where, for any reason the taxes due on any property on the assessment roll in any year
 11 cannot be ascertained from the tax roll by November 5 of that year, within 15 days thereafter the
 12 owner or other person liable for or desiring to pay the taxes on such property may tender to the
 13 tax collector, and the tax collector may collect, a payment of all or part of the taxes estimated by
 14 the tax collector to be due on such property. Immediately after the taxes are actually extended on
 15 the tax roll, the tax collector shall credit the amount paid as provided by law[, *allowing the discount*
 16 *under ORS 311.505 and not*] **without** charging interest for the amount of taxes satisfied by such
 17 payment. Where there has been an underpayment, additional taxes shall be collected, and where
 18 there has been an overpayment, refund shall be made as otherwise provided by law.

19 (5) The tax statement described in this section shall be designed by the Department of Revenue
 20 and shall contain such information as the department shall prescribe by rule including:

- 21 (a) The real market value of the property for which the tax statement is being prepared (or the
 22 property's specially assessed value if the property is subject to special assessment) for the current
 23 and prior tax year;
- 24 (b) The property's assessed value for the current and prior tax year; and
- 25 (c) The total amount of taxes due on the property.

26 **SECTION 3.** ORS 311.356 is amended to read:

27 311.356. (1) After receipt of the tax roll each year the tax collector shall receive and receipt for
 28 all moneys received for taxes and other amounts charged on such roll, and for each payment, shall
 29 note on the tax roll at the appropriate property assessment the following:

- 30 (a) The date payment was received.
- 31 (b) The amount of the payment.
- 32 [(c) *The discount allowed, if any.*]
- 33 [(d)] (c) The interest charged, if any.
- 34 [(e)] (d) The number of the receipt issued for such payment.

35 (2) Except as provided under subsection (3)(a) and (c) of this section, the tax collector shall
 36 credit all payments of property taxes as follows:

- 37 (a) First, to the payment of any taxes assessed against and due on the property for which the
 38 payment was made, paying first the earliest such taxes due on that property; and
- 39 (b) Second, to the payment of taxes assessed on any other property which have by any means
 40 become a lien against the property for which the payment was made.

41 (3)(a) Payments of property taxes made by the state on behalf of tax-deferred homestead property
 42 under ORS 311.666 to 311.701 shall be credited to the current tax year.

43 (b) At the election of the taxpayer, payments of property taxes made by the taxpayer on behalf
 44 of tax-deferred homestead property under ORS 311.666 to 311.701 shall be credited as provided in
 45 subsection (2) of this section, except that the payments shall be credited first to the payment of

1 taxes that are not qualified to be deferred under ORS 311.688 (1) or 311.689 (1), paying first the
 2 earliest of such taxes due on that property.

3 (c) Notwithstanding any contrary direction from the taxpayer, the tax collector shall credit
 4 payments of property taxes to the latest year for which taxes are due on the property for which
 5 payment is made if:

6 (A) The payment is made by a payer who is a mortgagee, beneficiary under a deed of trust or
 7 vendor under a land sales contract and who pays taxes on behalf of any taxpayer; and

8 (B) The mortgagee, beneficiary or vendor directs that the payment be credited to the latest year
 9 for which taxes are due on the property; and

10 (C) The mortgagee, beneficiary or vendor includes in the payment submitted with the direction
 11 given under subparagraph (B) of this paragraph only the amounts for the payment of taxes on one
 12 or more properties for which delinquent taxes are owed and does not include in that payment taxes
 13 on property for which no delinquent taxes are owed.

14 (d) If the mortgagee, beneficiary or vendor does not direct the tax collector as to the application
 15 of taxes being paid, then the tax collector shall apply all payments as provided under subsection (2)
 16 of this section.

17 (4) The tax collector may, for convenience, divide the tax roll, as payments are made, into two
 18 portions, and file each separately, one portion containing the paid accounts and another portion
 19 containing the unpaid accounts. From time to time, and no later than the receipt of the next year's
 20 tax roll, the tax collector shall compute and indicate on the tax roll the unpaid balance of taxes for
 21 each property assessment.

22 **SECTION 4.** ORS 311.392 is amended to read:

23 311.392. *[(1)]* If, in the discretion of the county court, it is more economical to advance to those
 24 municipalities from the general fund of the county the total amount of taxes, assessments or other
 25 charges levied against property in the county, the county court may advance from the general fund
 26 of the county the full amount of the taxes, assessments and charges levied by those subdivisions and
 27 the county court may order the county tax collector to revise the tax distribution schedule provided
 28 by ORS 311.390 so that all taxes, assessments and charges advanced by the county will be allocated
 29 to the county. If the county makes the payments provided in this section, it shall have no recourse
 30 against the political subdivision for recovery of the shrinkage in collections from that anticipated
 31 at the time the payment was made.

32 *[(2) If the county advances taxes under this subsection, before December 1 of each year, it may*
 33 *deduct from the levy the three percent discount which would have been given by the district had all*
 34 *of the taxes been paid by November 15 and turned over to the district on or before December 1 of each*
 35 *year. If the payment is made after December 1, no discount shall be taken by the county.]*

36 **SECTION 5.** ORS 311.415 is amended to read:

37 311.415. (1) Before any judgment or final order shall be entered or become operative in any court
 38 in this state in any of the causes listed in subsection (3) of this section, it shall first be shown to
 39 the satisfaction of the court that all taxes due or owing from the defendant, judgment debtor, heir,
 40 devisee, executor, administrator, trustee, agent, conservator or guardian, or which may be collected
 41 by virtue of the assessment and taxation laws of this state, have been paid.

42 (2)(a) If the judgment or final order is to be taken and entered after January 1, while the as-
 43 sessment roll is in the possession of the assessor, and pertains to an assessment to be made as of
 44 January 1, the receipt for the taxes shall be given by the assessor upon an assessment made as
 45 follows:

1 [(a)] (A) If the exact amount of taxes, special assessments, fees and charges are able to be
 2 computed by the assessor, such amount shall be paid to the tax collector. The assessor is authorized
 3 to levy and the tax collector is authorized to collect such amount.

4 [(b)] (B) If the assessor is unable to compute the exact amount at the time[, either]:

5 [(A)] (i) There shall be paid the amount estimated by the assessor to be needed to pay the taxes,
 6 special assessments, fees and other charges to become due[.]; or

7 [(B)] (ii) There shall be deposited with the tax collector a bond with good and sufficient under-
 8 taking in the amount that the assessor considers adequate to [insure] **ensure** payment of the taxes
 9 to become due.

10 (b) In no event shall the [bond] amount **deposited pursuant to paragraph (a)(B)(ii) of this**
 11 **subsection** exceed twice the amount of the previous year's taxes, special assessments, fees and
 12 other charges computed under this subsection. [*Taxes paid or bonded for under this section shall be*
 13 *entitled to any discount provided by ORS 311.505.*]

14 (c) ORS 311.370 [*shall apply*] **applies** to amounts assessed and collected under this subsection.

15 (3) This section applies to the following causes:

16 (a) An assignment for the benefit of creditors.

17 (b) The estate of a deceased person or any other proceeding in probate involving the distribution
 18 of personal property.

19 (c) Any proceeding to enforce the payment of a debt where the property involved is assessable
 20 personal property.

21 **SECTION 6.** ORS 311.465 is amended to read:

22 311.465. (1) Subsection (2) of this section applies if:

23 (a) The county assessor discovers personal property subject to assessment for taxation in any
 24 year and taxes imposed on the property in a prior year are delinquent; or

25 (b) In the opinion of the assessor it seems probable that personal property may be removed from
 26 the county, sold, dissipated or destroyed before the taxes on the property otherwise become due and
 27 payable and it further appears that the owner or person liable for the taxes had no property subject
 28 to taxation in the county during either of the two preceding tax years, or was delinquent in the
 29 payment of any tax imposed during the two preceding tax years in respect to property in any ju-
 30 risdiction, whether within or without the state, or is not financially responsible or intends to depart
 31 from the state before the taxes become due.

32 (2) The assessor may, immediately after listing and valuing the personal property for assessment
 33 and taxation, levy, demand and collect for remittance to the tax collector, or the tax collector may
 34 collect, the taxes on the property as follows:

35 (a) If the assessor is able to compute the exact amount of taxes, special assessments, fees and
 36 charges, such amount shall be paid to the assessor for remittance to the tax collector or directly
 37 to the tax collector; or

38 (b) If the assessor is unable to compute the exact amount at the time, either:

39 (A) There shall be paid the amount that the assessor estimates is needed to pay the taxes, spe-
 40 cial assessments, fees and other charges to become due; or

41 (B) There shall be deposited with the tax collector a bond with a good and sufficient undertak-
 42 ing in the amount that the assessor considers adequate to ensure payment of the taxes to become
 43 due. In no event shall the bond amount exceed twice the amount of the taxes, special assessments,
 44 fees and other charges computed by the assessor under this paragraph.

45 (3) [*Taxes paid or bonded for under subsection (2) of this section shall be entitled to the discount*]

1 *provided by ORS 311.505.*] ORS 311.370 [*shall apply*] **applies** to the amounts assessed and collected
2 under subsection (2) of this section. Any taxes collected under subsection (2) of this section, and
3 subject to refund on order of the tax court under ORS 311.467, shall be held in the special account
4 mentioned in ORS 311.370 by the county treasurer until the period for petitioning for review of the
5 assessor's action has expired, or, when a review is had, until the review is determined. If the tax
6 court, upon review, orders a refund, the county treasurer shall make the refund from the special
7 account within three days after entry of the department's order.

8 (4) If the owner or person liable for the taxes on the personal property fails to pay the tax on
9 demand by the assessor, the assessor shall certify the assessment and tax levies made under this
10 section to the tax collector of the county. The taxes thereupon shall be collected by the tax collec-
11 tor in the manner of collecting delinquent taxes on personal property. The taxes when so certified
12 by the assessor are delinquent and subject to the provisions of law for the collection of delinquent
13 taxes on personal property.

14 **SECTION 7.** ORS 311.508 is amended to read:

15 311.508. (1) Except as provided under subsection (2) of this section and notwithstanding ORS
16 311.505 [~~(5)~~] (4):

17 (a) Twenty-five percent of the interest charged and collected under ORS 311.505 shall be de-
18 posited and credited to the County Assessment and Taxation Fund created under ORS 294.187; and

19 (b) An additional 25 percent of the interest charged and collected under ORS 311.505 shall be
20 deposited and credited to the County Assessment and Taxation Fund created under ORS 294.187 to
21 the extent the interest would otherwise be distributed to cities or other taxing districts that are not
22 counties or districts within the public school system.

23 (2) On or before June 15 of each year, the Department of Revenue shall estimate the amount
24 of interest that will be deposited and credited to the County Assessment Function Funding Assist-
25 ance Account created under ORS 294.184 for the ensuing fiscal year. If the estimate is less than \$13
26 million, the department shall certify to each county treasurer an increase in the percentage specified
27 under subsection (1)(a) of this section to the end that the estimate reaches \$13 million. However,
28 no increase in percentage shall be certified that will raise and make available for deposit and credit
29 to the County Assessment Function Funding Assistance Account for the ensuing fiscal year an
30 amount that is in excess of \$3 million over the amount estimated under this subsection to be re-
31 ceived under subsection (1)(a) of this section for the ensuing fiscal year.

32 (3) Upon receipt of certification from the department under subsection (2) of this section, the
33 county treasurer shall deposit and credit to the County Assessment and Taxation Fund for the fiscal
34 year to which the certification applies the percentage of the interest charged and collected under
35 ORS 311.505 so certified.

36 (4) The percentage of the interest on unpaid taxes and penalties required to be deposited and
37 credited to the County Assessment and Taxation Fund under this section shall be deposited and
38 credited in the same manner that the remaining interest is deposited and credited under ORS
39 311.385.

40 **SECTION 8.** ORS 311.510 is amended to read:

41 311.510. Taxes on real property not paid on or before May 15 shall be delinquent. Taxes on
42 personal property shall become delinquent whenever any [*third thereof, or other*] specified
43 installment[,] is not paid on or before its due date, as provided in ORS 311.505.

44 **SECTION 9.** ORS 311.531 is amended to read:

45 311.531. (1) On or before August 1 of each year the tax collector shall file with the county clerk

1 a statement, on forms supplied by the Department of Revenue, compiled from the tax rolls, showing
2 separately for each tax year for the prior seven years the following information as to transactions
3 during the past fiscal year ending June 30:

4 (a) The total amounts certified under ORS 311.105 (1) to be collected by the tax collector, broken
5 down among real property, personal property and property assessed pursuant to ORS 308.505 to
6 308.665.

7 (b) The total amount of all adjustments made by the tax collector, in dollars, increasing the total
8 amount to be collected, and a like figure for the decreases.

9 (c) The total amount collected, exclusive of interest and penalties, **and** the total amount re-
10 maining uncollected, broken down among real property, personal property and property assessed
11 pursuant to ORS 308.505 to 308.665.

12 (d) The total amount of interest and penalties collected, and the total amount of [*discounts or*]
13 rebates allowed.

14 (e) Other matters affecting the statement of the tax collector, striking a balance between the
15 total of the tax roll and the total of collections.

16 (2) The tax collector then shall make a certificate over the official signature of the collector,
17 to be annexed to the statement, that the facts set forth therein are correct. A copy of the statement
18 shall be filed with the county clerk, a copy filed with the county court and a copy filed with the
19 Department of Revenue. A copy of the statement and also of the certificate shall be retained by the
20 tax collector as a public record.

21 **SECTION 10.** ORS 311.812 is amended to read:

22 311.812. (1) Except as provided in subsection (2) of this section, interest may not be paid upon
23 any tax refunds made under ORS 311.806.

24 (2) Interest as provided in subsection (3) of this section shall be paid on the following refunds:

25 (a) A refund resulting from the correction under ORS 308.242 (2) or (3) or 311.205 of an error
26 made by the assessor, Department of Revenue or tax collector.

27 (b) A refund resulting from a written stipulation of the county assessor or the county tax col-
28 lector if the written stipulation constitutes a final determination that is not subject to appeal.

29 (c) Any refund ordered by the Department of Revenue if no appeal is taken or can be taken from
30 the department's order.

31 (d) Refunds ordered by the Oregon Tax Court or the Supreme Court if the order constitutes a
32 final determination of the matter.

33 (e) Refunds of taxes collected against real or personal property not within the jurisdiction of the
34 tax levying body.

35 (f) Refunds due to reductions in value ordered by a county board of property tax appeals where
36 no appeal is taken.

37 (g) Refunds due to reductions in value made pursuant to ORS 309.115.

38 (h) Refunds due to a claim for a veteran's exemption for a prior tax year that is filed pursuant
39 to ORS 307.262.

40 (3)(a) The interest provided by subsection (2) of this section shall be paid at the rate of one
41 percent per month, or fraction of a month, computed from the time the tax was paid or from the time
42 the first installment thereof was due, whichever is the later. [*If a discount is given at the time the*
43 *taxes are paid, interest shall be computed only on the net amount of taxes to be refunded.*] If any por-
44 tion of a refund described in subsection (2) of this section results from an assessment based on in-
45 accurate information contained in a report filed by a taxpayer, interest shall be computed on only

1 the portion of the refund that is not attributable to the inaccurate information contained in the
 2 taxpayer report.

3 (b) As used in this subsection, “report” means a return, statement or any other information
 4 provided by a taxpayer in writing to the department or county assessor.

5 **SECTION 11.** ORS 86.260 is amended to read:

6 86.260. (1) If a lender has a requirement that the borrower pay funds into a lender’s security
 7 protection provision for the payment of property taxes on property that is the security for the real
 8 estate loan agreement, insurance premiums, and similar charges, and there are funds in the account,
 9 the lender shall pay the taxes or the amount in the account if less than the taxes due[, *in time to*
 10 *take advantage of any discount authorized by ORS 311.505,*] and all other charges on or before the
 11 due dates for payments.

12 (2)(a) If the lender fails to pay the taxes in accordance with subsection (1) of this section [*re-*
 13 *sulting in a loss of discount to the borrower*], the lender shall credit the lender’s security protection
 14 provision in an amount equal to the amount of [*discount denied on account of such failure, together*
 15 *with any*] interest that has accrued on the unpaid property taxes to the date the property taxes are
 16 finally paid.

17 (b) If the failure of the lender to comply with subsection (1) of this section is willful [*and results*
 18 *in the loss to the borrower of the discount*], or if the failure to comply was not willful but upon dis-
 19 covery of the failure to comply [*and the loss of discount*], the lender fails to credit the lender’s se-
 20 curity protection provision **as** required by paragraph (a) of this subsection, the borrower shall have
 21 a cause of action against the lender to recover an amount equal to 15 times the amount of [*discount*
 22 *the borrower would have received, together with any*] interest that accrued on the unpaid property
 23 taxes to the date of recovery. The court may award reasonable attorney fees to the prevailing party
 24 in an action under this section.

25 **SECTION 12.** ORS 92.095 is amended to read:

26 92.095. (1) A subdivision or partition plat may not be recorded unless all ad valorem taxes have
 27 been paid, including additional taxes, interest and penalties imposed on land disqualified for any
 28 special assessment and all special assessments, fees or other charges required by law to be placed
 29 upon the tax roll that have become a lien upon the land or that will become a lien during the tax
 30 year.

31 (2) After July 1, and before the certification under ORS 311.105 of any year, the subdivider or
 32 partitioner shall:

33 (a) If the exact amount of taxes, penalties, special assessments, fees and charges can be com-
 34 puted by the assessor, pay the amount to the tax collector. The assessor is authorized to levy and
 35 the tax collector is authorized to collect the amount.

36 (b) If the assessor is unable to compute the amount at the time, either:

37 (A) Pay the amount estimated by the assessor to be needed to pay the taxes, penalties, special
 38 assessments, fees and other charges to become due; or

39 (B) Deposit with the tax collector a bond or irrevocable letter of credit with a good and suffi-
 40 cient undertaking in an amount the assessor considers adequate to ensure payment of the taxes to
 41 become due. The bond or irrevocable letter of credit amount may not exceed twice the amount of
 42 the previous year’s taxes, special assessments, fees and other charges upon the land.

43 [(3) *Taxes paid or for which security is given under subsection (2)(a) or (b) of this section are en-*
 44 *titled to the discount provided by ORS 311.505.*]

45 [(4)] (3) ORS 311.370 applies to all taxes levied and collected under subsection (2) of this section,

1 except that any deficiency constitutes a personal debt against the person subdividing or partitioning
 2 the land and not a lien against the land and must be collected as provided by law for the collection
 3 of personal property taxes.

4 [(5)] (4) If a subdivision or partition plat is recorded, any additional taxes, interest or penalties
 5 imposed upon land disqualified for any special assessment become a lien upon the land on the day
 6 before the plat was recorded.

7 **SECTION 13.** ORS 294.361 is amended to read:

8 294.361. (1) Each municipal corporation shall estimate in detail its budget resources for the en-
 9 suing year or ensuing budget period by funds and sources.

10 (2) Budget resources include but are not limited to:

11 (a) The balance of cash, cash equivalents and investments (in the case of a municipal corpo-
 12 ration on the cash basis) or the net working capital (in the case of a municipal corporation on the
 13 accrual or modified accrual basis of accounting) that will remain in each fund on the last day of the
 14 current year or current budget period;

15 (b) Taxes;

16 (c) Fees;

17 (d) Licenses;

18 (e) Fines;

19 (f) Interest on deposits or on securities of any kind;

20 (g) Endowments;

21 (h) Annuities;

22 (i) Penalties;

23 (j) Sales of property or other assets or products of any kind;

24 (k) Delinquent taxes;

25 (L) Judgments;

26 (m) Damages;

27 (n) Rent;

28 (o) Premiums on sales of bonds;

29 (p) Reimbursement for services, road or other work performed for others;

30 (q) Transfer or reverter of unused balances of any kind;

31 (r) Reimbursement for services provided other funds;

32 (s) Rebates;

33 (t) Refunds of moneys heretofore paid on any account;

34 (u) Apportionment, grant, contribution, payment or allocation from the federal government, state
 35 government or any other governmental units;

36 (v) Taxes for the ensuing year or ensuing budget period;

37 (w) Interfund revenue transfers; and

38 (x) Revenues from any and all other sources of whatsoever kind or character.

39 (3) Budget resources do not include:

40 [(a)] *The estimate for the ensuing year or ensuing budget period of discounts under ORS 311.505.*

41 [(b)] (a) The estimate of uncollectible amounts of taxes, fees or charges for the ensuing year or
 42 ensuing budget period.

43 [(c)] (b) Moneys accumulated under an approved employee deferred compensation plan and in-
 44 terest or investment returns earned on such moneys.

45 [(d)] (c) Grants, gifts, bequests or devises transferred to a municipal corporation in trust for

1 specific uses in the year of transfer. However, such grants, gifts, bequests or devises shall be in-
 2 cluded as budget resources if, by the time the budget committee approves the budget, the amount
 3 thereof that will be received in the ensuing year or ensuing budget period can be reasonably esti-
 4 mated. Such grants, gifts, bequests or devises may be placed in a trust and agency fund, to then be
 5 appropriated from such fund or funds.

6 [(e)] (d) Amounts deducted from taxes pursuant to ORS 294.632.

7 **SECTION 14.** ORS 294.381 is amended to read:

8 294.381. (1) Each municipal corporation that has the power to levy an ad valorem property tax
 9 shall estimate, in the manner provided in this section, the amount of revenues that will be received
 10 in the ensuing year or ensuing budget period through the imposition of taxes upon the taxable
 11 property within the municipal corporation.

12 (2) Subject to the additional adjustments required under subsection (4) of this section, the esti-
 13 mated ad valorem taxes that will be received in the ensuing year or ensuing budget period shall not
 14 exceed the following:

15 (a) The amount derived by multiplying the estimated assessed value for the ensuing year or each
 16 fiscal year of the ensuing budget period of the taxable property within the municipal corporation,
 17 after boundary changes have been filed in final approved form with the county assessor and the
 18 Department of Revenue as provided in ORS 308.225, by whichever of the following is applicable to
 19 the municipal corporation:

20 (A) The municipal corporation's permanent rate limit on operating taxes, as defined in ORS
 21 310.202 (7); or

22 (B) The municipal corporation's statutory rate limit on operating taxes, as defined in ORS
 23 310.202 (10).

24 (b) If the municipal corporation is authorized to levy a local option tax that was authorized by
 25 the electors as a dollar amount, the dollar amount of such local option tax that is authorized to be
 26 levied in the ensuing year or ensuing budget period.

27 (c) If the municipal corporation is authorized to levy a local option tax that was authorized by
 28 the electors as a tax rate, the amount derived by multiplying the authorized rate of such local option
 29 tax for the ensuing year or ensuing budget period by the estimated assessed value for the ensuing
 30 year or each fiscal year of the ensuing budget period of the taxable property within the municipal
 31 corporation.

32 (d) Subject to subsection (3) of this section, the municipal corporation's estimate of the amount
 33 required to pay the principal and interest on bonded indebtedness that is not subject to limitation
 34 under section 11 (11) or section 11b, Article XI of the Oregon Constitution.

35 (e) The municipal corporation's estimate of the amount required to repay taxing district bond
 36 obligations or pension and disability plan obligations described in section 11 (5), Article XI of the
 37 Oregon Constitution.

38 (3)(a) The estimate described in subsection (2)(d) of this section may include:

39 (A) An amount equal to the total of the payments on the principal and interest on bonded
 40 indebtedness that are due and payable in the fiscal period following the fiscal period for which the
 41 budget is being prepared and before a sufficient amount of property taxes to pay the bonded
 42 indebtedness are collected in that fiscal period, pursuant to ORS 294.371.

43 (B) Amounts to reimburse the municipal corporation for the payment of principal and interest
 44 on exempt bonded indebtedness that the municipal corporation made from other moneys because
 45 collections of taxes levied for exempt bonded indebtedness were not sufficient to pay the exempt

1 bonded indebtedness.

2 (b) If the bonded indebtedness is a tax credit bond or other bond that bears interest that is
3 includable in gross income under the Internal Revenue Code, as amended and in effect on June 25,
4 2009, the payments described in paragraph (a) of this subsection may include deposits that the mu-
5 nicipal corporation has agreed to make in a sinking fund that is dedicated to pay the bonded
6 indebtedness.

7 (4) The amounts determined under subsection (2)(a), (b) and (c) of this section shall be reduced
8 by an amount equal to the estimated amount of such taxes that will not be collected as a result of:

9 *[(a) The discounts allowed under ORS 311.505;]*

10 *[(b)] (a) The limits imposed under ORS 310.150 (3); and*

11 *[(c)] (b) The failure of taxpayers to pay such taxes in the year for which they are levied.*

12 (5)(a) The estimated ad valorem taxes determined in accordance with subsection (2)(a), (b) and
13 (c) of this section, prior to adjustment by subsection (4) of this section, shall be used by the munic-
14 ipal corporation for purposes of complying with the requirements of ORS 310.060 (1).

15 (b) The amounts determined under subsection (2)(d) and (e) of this section shall, for purposes of
16 complying with the requirements of ORS 310.060 (1), be increased by an amount equal to the esti-
17 mated amount of taxes that will not be collected as a result of:

18 *[(A) The discounts allowed under ORS 311.505;]*

19 *[(B)] (A) The limits imposed under ORS 310.150 (3); or*

20 *[(C)] (B) The failure of taxpayers to pay taxes in the year for which they are levied.*

21 **SECTION 15.** ORS 307.244 is amended to read:

22 307.244. (1) The assessor shall compute and list the value and compute and list the amount of
23 tax which would have been charged on each property receiving an exemption under ORS 307.242
24 had the property not received an exemption. On or before October 15, the county assessor shall
25 certify the total amounts so computed for each county to the Department of Revenue and to the
26 county treasurer.

27 (2) Not later than November 15, the Department of Revenue shall pay to each county treasurer
28 the amount certified under subsection (1) of this section[, *less any discount provided in ORS*
29 *311.505*]. The payments made by the department under this section shall be made from the suspense
30 account referred to in ORS 310.692. If necessary, the payments may be prorated as provided in ORS
31 310.692.

32 (3) Payments made by the department to the various county treasurers under this section shall
33 be distributed to the taxing units of the county in accordance with the schedule of percentages
34 computed under ORS 311.390.

35 **SECTION 16.** ORS 308.260 is amended to read:

36 308.260. (1) Any ship, vessel or other watercraft shall be assessed and taxed in the manner
37 provided in this section if:

38 (a) On or after January 1 of any assessment year, the ship, vessel or other watercraft is docked
39 or moored in any waters subject to the jurisdiction of the State of Oregon; and

40 (b) The ship, vessel or other watercraft is employed or used as a plant for the reduction or
41 processing, but excluding canning, of deep-sea fish.

42 (2) Immediately on docking or mooring, the owner or person in charge of a ship, vessel or other
43 watercraft described in subsection (1) of this section shall notify the county assessor. The county
44 assessor shall assess it, together with all machinery and equipment thereon, at its assessed value
45 determined under ORS 308.146 and 308.232. Upon determination of value, the owner or person in

1 charge shall:

2 (a) Pay the exact amount of taxes, special assessments, fees and charges, if the assessor is able
3 to compute the exact amount; or

4 (b) If the assessor is unable to compute the exact amount at the time the property is assessed,
5 either pay to the tax collector the amount estimated by the assessor to be needed to pay the taxes,
6 special assessments, fees and other charges to become due, or deposit with the tax collector a bond
7 with a good and sufficient undertaking in the amount that the assessor considers adequate to ensure
8 payment of the taxes to become due. The bond amount may not exceed twice the amount of the
9 taxes, special assessments, fees and other charges computed by the assessor under this subsection.

10 (3) It shall be unlawful to operate a floating reduction or processing plant until the county
11 assessor has been notified and the tax paid as provided in this section. If the owner or person in
12 charge fails to notify the assessor, or proceeds to operate the plant before full payment of the tax,
13 the owner or person in charge shall forfeit to the county, for the use of the several taxing juris-
14 dictions interested, a sum equal to twice the amount of the tax. The forfeiture may be recovered by
15 the assessor in an action brought in the name of the county in any court having jurisdiction over
16 the action. In the action, the penalty shall be preferred before all other debts or claims.

17 (4) No mistake in the name of the owner of any floating reduction or processing plant shall af-
18 fect the right to collect the tax or to recover the penalty under this section.

19 (5) The county assessor is authorized to levy, collect and remit to the tax collector, or the tax
20 collector is authorized to collect, taxes under conditions described in this section. Either the
21 assessor or tax collector is authorized to allow any [*discount or*] rebate otherwise provided by law
22 for payment of taxes before the regular due date or dates. ORS 311.370 shall apply to all taxes col-
23 lected before the regular due date or dates.

24 (6) Appeals of assessments of floating reduction or processing plants shall:

25 (a) Be heard by the county board of property tax appeals in the same manner as assessments
26 of other properties are appealed; and

27 (b) Be made as provided in ORS 308.146 and 308.232.

28 **SECTION 17.** ORS 308.640 is amended to read:

29 308.640. (1) The Department of Revenue shall determine the assessed value of the personal
30 property of each small private railcar company by multiplying the real market value of the
31 company's personal property by the average ratio of assessed value to real market value of all
32 property of large private railcar companies.

33 (2) The department shall determine the tax to be imposed on small private railcar companies as
34 follows:

35 (a) Taxes to be credited to the county school funds shall be calculated by applying to the as-
36 sessed value of the property the average school tax rate in the state for the immediately prior tax
37 year, applying to the assessed values of large private railcar companies as determined by the de-
38 partment for the year.

39 (b) Taxes to be credited to the county general funds shall be calculated by applying to the as-
40 sessed value thereof the average nonschool tax rate in the state for the immediately prior tax year,
41 applying to the assessed values of large private railcar companies as determined by the department
42 for the year.

43 (c) The taxes determined under this subsection may not be imposed in an amount that exceeds
44 the limits established in ORS 310.150 for any year.

45 (3) The department may charge, levy and collect the tax so determined on the personal property

1 of any small private railcar company having a taxable situs in this state. Each tax so charged and
 2 levied constitutes a lien as of July 1 of the tax year on all the personal property of the company
 3 within this state and shall be payable in the same manner, at the same due dates and with the same
 4 rates of [*discount or*] interest provided by law in respect to taxes on personal property payable in
 5 the several counties. In collecting such taxes, the Department of Revenue may pursue any or all of
 6 the rights, remedies or processes provided by law for the collection of delinquent taxes on personal
 7 property and, in connection therewith, the department shall have, in any county, the power and
 8 authority of the sheriff and tax collector thereof.

9 (4) Moneys collected by the department under this section shall be apportioned to each county
 10 in the proportion that the portion of the assessed value of cars of large private railcar companies
 11 that is attributable to the county bears to the total assessed value of cars of large private railcar
 12 companies. Moneys so distributed to each county treasurer shall be credited to the county school
 13 fund and general fund of the county as directed by the department.

14 (5) Real property of large private railcar companies and small private railcar companies shall
 15 be apportioned to the several counties according to the location of the real property.

16 **SECTION 18.** ORS 315.119 is amended to read:

17 315.119. (1) As used in this section:

18 (a) "Effective property tax rate" means:

19 (A) The ratio of the total amount of property taxes imposed on the account that contains the
 20 machinery and equipment for which a credit is being claimed (after application of ORS 310.150 [*but*
 21 *prior to discount under ORS 311.505*]) over the assessed value of the property tax account; and

22 (B) The ratio determined under subparagraph (A) of this paragraph for the property tax year
 23 that begins in the income tax year for which the credit is claimed.

24 (b) "Farm operator" means a person that operates a farming business as defined in section 263A
 25 of the Internal Revenue Code.

26 (c) "Machinery and equipment" means machinery and equipment that meets the definition of
 27 section 1245 property in section 1245 of the Internal Revenue Code.

28 (d) "Processing":

29 (A) Means any activity that is directly related and necessary to clean, sort, grade, produce,
 30 prepare, manufacture, handle, package, store or ship a farm crop or livestock product after the point
 31 of harvest and before the point of sale, in a modified state or altered form.

32 (B) Does not include an activity primarily associated with the promotion or retail sale of a
 33 product for personal or household use that is normally sold through consumer retail distribution.

34 (e) "Qualified machinery and equipment" means machinery and equipment used in processing
 35 that meets the requirements of subsections (3) and (4) of this section for the tax year.

36 (2) A taxpayer who is a farm operator may claim a credit against the taxes that are otherwise
 37 due under ORS chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 for
 38 ad valorem property taxes paid or incurred on qualified machinery and equipment.

39 (3) A credit under this section may be claimed only if:

40 (a) The machinery and equipment is owned by the farm operator or by a person who is related
 41 to the farm operator under section 267 of the Internal Revenue Code;

42 (b) The machinery and equipment is used for processing primarily occurring on land described
 43 in subsection (4) of this section; and

44 (c)(A) The farm operator has grown or raised at least one-half of the total volume of farm crop
 45 or livestock products processed with the machinery and equipment for which the credit is being

1 claimed in three of the five previous income tax years; or

2 (B)(i) The farm operator has grown or raised at least one-tenth of the total volume of farm crop
3 or livestock products processed with the machinery and equipment for which the credit is being
4 claimed in three of the five previous income tax years; and

5 (ii) The farm operator has used the machinery and equipment to process at least one-half of the
6 volume of the applicable farm crop or livestock products grown or raised by the farm operator in
7 three of the five previous income tax years.

8 (4) In addition to the requirements under subsection (3) of this section, a credit under this sec-
9 tion may be claimed only if:

10 (a) The machinery and equipment is located on land that is specially assessed for farm use under
11 ORS 308A.050 to 308A.128 and the machinery and equipment is owned or otherwise controlled by
12 the farm operator; or

13 (b) The machinery and equipment is located on land that is contiguous to land that is specially
14 assessed for farm use under ORS 308A.050 to 308A.128 and the machinery and equipment is owned
15 or otherwise controlled by the farm operator.

16 (5) A credit may be claimed under this section only for qualified machinery and equipment that
17 was subject to assessment and property taxation for the property tax year beginning in the income
18 tax year for which the credit is being claimed.

19 (6) The amount of the credit shall be the lesser of:

20 (a) The effective property tax rate multiplied by the adjusted basis of the qualified machinery
21 and equipment; or

22 (b) \$30,000.

23 (7) The adjusted basis of the qualified machinery and equipment shall be the adjusted basis of
24 the qualified machinery and equipment for personal income or corporate excise or income tax pur-
25 poses as of the last day of the income tax year for which the credit is being claimed, except that
26 the adjusted basis shall be increased by the cost of any qualified machinery and equipment that the
27 taxpayer elected to expense under section 179 of the Internal Revenue Code, until the qualified
28 machinery and equipment is fully depreciated for personal income or corporate excise or income tax
29 purposes. The adjusted basis shall reflect any depreciation allowable for the current tax year. A
30 credit under this section may not be allowed for a tax year in which the qualified machinery and
31 equipment is fully depreciated for personal income or corporate excise or income tax purposes.

32 (8) The credit allowed under this section for any one tax year may not exceed the tax liability
33 of the taxpayer.

34 (9) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
35 particular year may be carried forward and offset against the taxpayer's tax liability for the next
36 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
37 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
38 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
39 credit not used in that third succeeding tax year may be carried forward and used in the fourth
40 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
41 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year
42 thereafter.

43 (10) The credit allowed under this section is not in lieu of any depreciation or amortization de-
44 duction to which the taxpayer otherwise may be entitled under ORS chapter 316, 317 or 318 for the
45 tax year.

1 (11) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by
2 any amount of credit allowed under this section.

3 (12) A nonresident shall be allowed the credit under this section in the proportion provided in
4 ORS 316.117.

5 (13) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
6 resident occurs, the credit allowed under this section shall be determined in a manner consistent
7 with ORS 316.117.

8 (14) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
9 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
10 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.

11 **SECTION 19.** ORS 496.340 is amended to read:

12 496.340. (1) Except as provided in subsection (3) of this section, whenever real property owned
13 by the State Fish and Wildlife Commission is exempt from taxation on January 1 of any year by
14 reason of its ownership by the state, the commission shall pay to the county in which the property
15 is situated an amount equal to the ad valorem taxes that would have been charged against the
16 property if it had been assessed to a taxable owner as of January 1 of such year as provided in
17 subsection (2) of this section. The county assessor shall determine the value of such property and
18 shall notify the commission of the determination of the county assessor. Upon request of the com-
19 mission, the Department of Revenue shall review the determination of value and shall redetermine
20 the value if it concludes the value initially determined was substantially incorrect.

21 (2)(a) Except as provided in paragraph (b) or (c) of this subsection, the value of the property
22 shall be computed at its assessed value under ORS 308A.107 or for forestland use, whichever is ap-
23 plicable.

24 (b) Paragraph (a) of this subsection shall not apply to any property upon which open field
25 burning takes place. If open field burning takes place on any property described in this section, the
26 property shall be valued at its highest and best use rather than the values authorized in paragraph
27 (a) of this subsection on the January 1 following the date of the open field burning. If in the next
28 year, the open field burning is discontinued, paragraph (a) of this subsection shall apply the next
29 January 1 and each year thereafter as long as no open field burning occurs.

30 (c) Paragraph (a) of this subsection shall not apply to any property acquired by the commission
31 after September 9, 1971, if such property was valued under farm use or forestland use special as-
32 sessment provisions, at the time the property was acquired by the commission. However, no pay-
33 ments in lieu of taxes made to a county pursuant to this section prior to January 1, 1974, shall be
34 refunded to the commission.

35 (3) This section does not apply to real property used for bird farms, fish hatcheries, office
36 quarters, fishing access sites or impoundments, capital improvements or real property acquired
37 pursuant to the Act of May 19, 1948 (62 Stat. 240), Public Law 80-537.

38 (4) The amount prescribed in subsection (1) of this section shall be determined annually by the
39 assessor of the county in which the property is situated and certified by the assessor to the county
40 court or the board of county commissioners. A notice of the determination, signed by the county
41 judge or the chairperson of the board of county commissioners, shall be mailed to the principal office
42 of the commission not later than October 15. The notice shall contain a statement of the value of
43 the property and a complete explanation of the method used in computing the amount claimed pur-
44 suant to subsection (1) of this section. Not later than November 15, the commission shall pay each
45 amount[, *less a discount equivalent to that which is provided in ORS 311.505*]. Payment shall be made

1 to the county treasurer, who shall distribute the payment to the taxing districts of the county in
2 accordance with the schedule of percentages computed under ORS 311.390.

3 (5) Notwithstanding any other provision of the wildlife laws, the commission shall make the
4 payments to counties required by this section annually from the moneys in the State Wildlife Fund
5 established by ORS 496.300.

6 **SECTION 20.** ORS 757.883 is amended to read:

7 757.883. (1) Oregon Community Power shall make payments in lieu of property taxes on all
8 property that would otherwise be subject to assessment under ORS 308.505 to 308.665 if owned by
9 a taxable owner. Oregon Community Power shall pay to each county in which property of Oregon
10 Community Power is located an amount equal to the ad valorem property taxes that would have
11 been charged by the county if Oregon Community Power property had been assessed to a taxable
12 owner as of January 1 of the assessment year for which payment is being made.

13 (2) The Department of Revenue shall determine the assessed value of Oregon Community Power
14 property as if the property were subject to assessment under ORS 308.505 to 308.665, and shall
15 transmit the value information as provided in ORS 308.505 to 308.665 to the appropriate county
16 assessor. Oregon Community Power shall comply with property reporting requirements under ORS
17 308.505 to 308.665 as if the property were subject to assessment under ORS 308.505 to 308.665.

18 (3) The amount of the in lieu payment to be made to each county under this section shall be
19 determined and certified annually by the county assessor of the county. A notice of the determi-
20 nation and certification shall be mailed to Oregon Community Power not later than October 15. The
21 notice shall contain a statement of the value of the property and a complete explanation of the
22 method used in computing the amount of the in lieu payment due under this section. Not later than
23 November 15, Oregon Community Power shall pay the amount due to each county under this
24 section[, *less a discount equivalent to that which is provided in ORS 311.505*]. Payment shall be made
25 to the county treasurer. The county treasurer shall distribute the payment to the taxing districts
26 of the county in accordance with the schedule of percentages computed under ORS 311.390.

27 **SECTION 21. ORS 311.507 is repealed.**

28 **SECTION 22.** ORS 311.395 is amended to read:

29 311.395. (1) The tax collector shall make statements of the exact amounts of property tax moneys
30 in cash and warrants collected as follows:

31 (a) For the period beginning on the first Monday following the last Friday in October through
32 the last Friday in November, the tax collector shall make weekly statements of those taxes that are
33 collected for the current tax year.

34 (b) For the period beginning the first Monday following the last Friday of November through the
35 last Friday of October of the ensuing year, the tax collector shall make quarterly statements of
36 those taxes that are collected for the current tax year.

37 (c) The tax collector shall make quarterly statements of taxes collected for prior years.

38 (d) Notwithstanding paragraph (b) or (c) of this subsection, if the balance in the unsegregated
39 tax collection account as of the close of any month for any tax year (the current tax year or any
40 prior tax year) exceeds \$10,000 or if requested by any taxing district, and if weekly statements are
41 not required, then the tax collector shall make a statement for the period since the last statement
42 for the tax year.

43 (e) If the processing of tax payments for the current tax year received or postmarked on or be-
44 fore the November 15 due date [(or if the due date is extended under ORS 311.507, the due date pur-
45 suant to the extension)] is not substantially completed as of the last Friday in November, the tax

1 collector shall continue to make weekly statements until the end of a week when the processing is
 2 substantially completed.

3 (2)(a) Each statement shall be of taxes collected during the weekly, monthly, quarterly or other
 4 period for which the statement is required.

5 (b) The statements prepared under subsection (1) of this section shall specify the tax years for
 6 which the payments of taxes were made.

7 (c) A copy of each statement shall be filed with the county clerk and a copy shall be filed with
 8 the county treasurer no later than the fifth business day after the last business day of the period
 9 for which the statement is prepared. A copy of each statement shall be retained in the office of the
 10 tax collector.

11 (3) For the purposes of this section, property tax moneys are collected when:

12 (a) Payment is made in person at the office of the tax collector;

13 (b) The tax collector receives tax moneys or notice of tax moneys collected by a financial in-
 14 stitution or other collection agency;

15 (c) The tax collector receives payment or notice of payment of tax moneys by the state; or

16 (d) The tax collector has posted a payment that arrived by mail in the county mail receptacle.

17 (4) Each statement required under subsections (1) and (2) of this section shall separately state
 18 the amount deposited into the property tax bankruptcy account under ORS 311.484 for the period
 19 covered by the statement.

20 (5) The statements required under subsections (1) and (2) of this section may be made more often
 21 and for shorter periods if the tax collector so desires but one of the statements so filed shall cover
 22 a period coinciding with the last business day of the particular calendar month or quarter during
 23 the period.

24 (6) The county treasurer shall credit the total amount of moneys set out in the statements pre-
 25 pared under subsections (1) and (2) of this section, except for the amount deposited into the property
 26 tax bankruptcy account under ORS 311.484, to the several funds for which the moneys were re-
 27 spectively received in accordance with the schedule provided in ORS 311.390. The county treasurer
 28 shall keep the moneys and warrants received from the tax collector in their respective funds.

29 (7) Within five business days of receiving a statement required by subsection (1) or (2) of this
 30 section, the county treasurer shall distribute the amount of money set out in the statement, except
 31 for the amount deposited into the property tax bankruptcy account under ORS 311.484, to the se-
 32 veral taxing units according to the ratios provided in ORS 311.390. The county treasurer shall dis-
 33 tribute interest earned on moneys in the unsegregated tax collections account at least as often as
 34 the treasurer receives a statement from the tax collector under subsection (1)(b) or (d) of this sec-
 35 tion. When statements are received under subsection (1)(a) of this section, the county treasurer shall
 36 distribute interest at least once a calendar month.

37 **SECTION 23. The amendments to ORS 86.260, 92.095, 294.361, 294.381, 307.244, 308.260,**
 38 **308.640, 311.250, 311.356, 311.392, 311.395, 311.415, 311.465, 311.505, 311.508, 311.510, 311.531,**
 39 **311.812, 315.119, 496.340 and 757.883 by sections 1 to 20 and 22 of this 2011 Act and the repeal**
 40 **of ORS 311.507 by section 21 of this 2011 Act apply to property tax years beginning on or after**
 41 **July 1, 2011.**

42 **SECTION 24. This 2011 Act takes effect on the 91st day after the date on which the 2011**
 43 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**