

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
**Seventy-Seventh Oregon Legislative
Assembly**
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2676
Revenue Area: Property Tax
Economist: Christine Broniak
Date: 3/11/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description: Eliminates sunset for mandatory cancellation of property tax assessment for manufactured structures with total value less than \$12,500 indexed annually in certain counties.

Revenue Impact (\$Millions):

	2013-15	2015-17	2017-19
Counties and Local Taxing Districts	-\$0.5	-\$1.0	-\$1.1
Schools	-\$0.32	-\$0.7	-\$0.7
Total	-\$0.8	-\$1.7	\$-1.8

Impact Explanation: The property tax exemption is currently scheduled to sunset for the tax year beginning July 1, 2014. It applies to properties worth less than \$15,000 in fiscal year 2011, indexed to inflation, in counties which have more than 340,000 people (currently Clackamas, Lane, Multnomah, and Washington.) \$800,000 in annual property tax revenue to counties is associated with these properties in the 2013-15 biennium. If the exemption were allowed to sunset, property tax payments would be collected on these properties beginning in November 2014. When the sunset is removed, these payments are not made, so the revenue impact is -\$800,000 in 2013-15, growing by 3% per year thereafter. There may be difficulty in recovering costs from a foreclosure on these homes and any nonpayment of taxes is not reflected in this revenue impact estimate.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this tax expenditure is to reduce administrative costs associated with processing personal property accounts with low value. It is also to provide tax relief to low income homeowners living in inexpensive structures.