

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4148 - 2

Seventy-Seventh Oregon Legislative Assembly – 2014 Regular Session
Legislative Fiscal Office

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

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Date: 2/10/14

Measure Description:

Changes interest rate accruing on deferred taxes under homestead property tax deferral program from six percent compounded annually to six percent per annum. Provides that the Department of Revenue will continue to calculate interest for specified years at the compound rate for payments received prior to July 1, 2016 and then recalculate principal and interest at the simple rate for entire outstanding balance for payments received on or after July 1, 2016.

Government Unit(s) Affected:

Counties, Department of Revenue(DOR)

Summary of Expenditure Impact:

Please see analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The change from compound to simple interest will require the Department of Revenue to reprogram its existing legacy computer systems at a “substantial” cost if done so immediately. The amended version of the bill allows for the Department of Revenue to effectively postpone this change until July 1, 2016 in order to incorporate the change in the core system replacement currently being undertaken by the agency. The agency anticipates the new system to accommodate the change without additional cost, eliminating the fiscal impact of the measure. This does not ensue however that the core system replacement will be completed in time for this change and that it will function as expected with regard to the calculation of the interest without additional expense.