

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2014 Regular Session
Legislative Revenue Office

Bill Number: HB 4017 A
Revenue Area: Local Improvement
Economist: Christine Broniak
Date: 2/13/2014

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

Measure Description:

Requires the court, in some circumstances, to reduce the assessment or reassessment for a local improvement district to the dollar value of the special benefit to the property attributable to local improvement. Allows redemption of the property for the purchase price of the property and prohibits the charging of any amounts for penalty or interest in the redemption.

Revenue Impact (in \$Millions):

Minimal, see below.

Impact Explanation:

The measure only applies to one property in Keizer due to the requirement that it apply only to assessments made between January 1, 2008 and January 1, 2009 that were greater than twice the real market value of the property as shown on the last assessment roll. The property was originally purchased for \$0.2 million and the local improvement district's improvements and subsequent rezoning increased the value to \$2 million. The assessment on the property for the local improvement district was \$6 million. The measure requires the assessment to be reduced from \$6 million down to the dollar value of the special benefit to the property attributable to the local improvement district. Assuming that the court finds this benefit to be \$1.8 million, or the difference between the purchase price and the current value of the property with the improvements, this would reduce the assessment by \$4.2 million. However, since the property is in foreclosure, it is assumed that the greatest amount of money that could be collected from the \$6 million lien is approximately \$2 million, or the market value of the property. The measure would allow the redemption of the property for an additional \$200,000. In any case, the total amount paid on the lien for the local improvement district will be \$2 million. This would be the case if the measure passes and the property owner pays \$1.8 million for improvements and \$0.2 million to redeem the property from foreclosure or if the city carries on with foreclosure, selling the property for \$2 million. The measure therefore has a minimal revenue impact. There is a possibility that the court would rule that the local improvement district contributed less than \$1.8 million to the value of the property, as there are disputes about whether the road connections to other commercial areas are complete. To the extent that the estimated contribution of the local improvement district is reduced, there could be a revenue impact to the city from this measure. It would be equal to the difference between \$1.8 million and the lesser value the court may decide on.

Creates, Extends, or Expands Tax Expenditure: Yes No