

Testimony for HB 2483 - Unit of Property

The property tax system is administered through the use of accounts that are tied to the property's location on the assessor's plat map. For example, a single manufacturing facility may have multiple tax lots and each tax lot could have corresponding accounts for (1) land and buildings, (2) machinery and equipment, (3) personal property, and (4) leasehold improvements. This bill addresses treatment of property tax appeals where multiple accounts are integrated into a single purpose.

Problem

Recognizing a potential for abuse of the appeals process the legislature passed a law in 2011 to allow either party in an appeal to seek a determination of the total account value where the other party raises only the value of a single component. For example, if the value of land was appealed the other party could raise the value of the improvements. The goal was to prevent selective appeals in cases where the total account value was accurate but the allocation across the components was not.

At the time of the 2011 legislation the property tax system had fewer accounts. In 2012, at the request of a group of taxpayers the legislature divided all real property accounts between (1) land and buildings and (2) machinery and equipment. The taxpayers argued that this change would make for more accurate changed property ratios. An unintended consequence of the change was that appeals could again be made selectively on just machinery for instance, despite the total value of the land, buildings, and machinery when taken together being correct.

Solution

This bill maintains the ability of either party to appeal the value of a single account, or component of an account, but allows for the other party to raise the issue of the value of the entire unit of property. Unit of property is defined in ORS 310.160 as follows:

“all contiguous property within a single code area in the county under common ownership that is used and appraised for a single integrated purpose, whether or not that property is taxed as a single account or multiple accounts.”

This is important because the objective of the system is to get the correct market value on the unit of property.

Section 1

Amends 305.287 to include the right of either party to seek determination of value for the total unit of property when any component of the unit is appealed.

Section 2

Specifies effective date.

Stakeholder Feedback

We sought feedback from the Business Finance Committee of the Oregon Business, the National Federation of Independent Businesses and Associated Oregon Industries. No concerns have been raised for us from those three organizations. We worked with the county assessors on this concept and the association supports it.