

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Action Date: 04/13/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 03/23, 04/13

Vote:

Yeas: 9 - Barnhart, Bentz, Davis, Johnson, Lininger, Read, Smith Warner, Vega Pederson, Whitsett

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WHAT THE MEASURE DOES:

Allows authorized agent providing closing and settlement services in conveyance of real property to tax-exempt government transferee to withhold and pay to county in which property is located, property taxes on the real property as of the date of the conveyance if written instructions to do so are received from transferor. Prohibits county clerk from recording fee title of real property if certificate issued by county assessor does not accompany instrument conveying or contracting to convey fee title.

Requires a person, seeking to record an instrument of sale to an exempt government transferee, to pay the tax collector the amount of charges against that real property. If exact amount of charges is not known then person will pay the assessor's estimate. Any deficiency required to be paid constitutes a personal debt and is not a lien on the property and is required to be collected as delinquent personal property. Requires assessor to issue certificate prescribed by the Department of Revenue attesting that all charges against the real property have been paid as of date of recording. Defines terms. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Dollar amounts of imposed property taxes in question
- Process by which sale and requirement of taxes paid is administered in cases where both parties to sale are taxable entities
- Sale process between taxable and tax exempt owner and whether transactions are administered by authorized agent
- Possible loophole in -1 amendment language related to "intent to obtain the certificate"
- Frequency of which taxable to tax exempt buyer transactions occur
- Reach of provision relating to county clerk not recording instrument of sale
- Requirements of authorized agent to withhold outstanding tax make the action permissible, but not required, and only at the request of transferor of property.

EFFECT OF COMMITTEE AMENDMENT:

The amendment removed and largely replaced the content of the bill. Primary changes include:

- Replaced language requiring authorized agents to withhold from consideration payable, amount equal to outstanding property taxes. Language as amended allows authorized agents, pursuant to written instructions from transferor, to withhold from consideration payable, amount equal to outstanding property taxes.
- Requires county assessor to issue certificate if all charges against real property have been paid
- Requires county clerk to not record fee title of real property if not accompanied by assessor certificate
- Establishes deficiency amounts pertaining to property exchanges as described in bill, to constitute personal

debt of the person who conveyed the real property.

BACKGROUND:

If property is sold or transferred from a taxable owner to an exempt government agency, taxes that are unpaid at time of the transfer may be uncollectable. Delinquent taxes remain a lien on the property and accrue interest, however, as the government agency is exempt from taxation under ORS 307.040 and 307.090, the assessor and/or county tax collector are unable to foreclose, seize, and sell the property to collect the delinquent tax.