

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Action Date: 05/05/15

Action: Do Pass.

Meeting Dates: 05/05

Vote:

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

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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:

- Outstanding tax amount not being paid when government entity becomes owner of property with outstanding taxes
- Specific examples from Multnomah and Polk county assessors
- Unpaid tax amounts continue to accrue interest at 16% annually. If government owner then disposes of property to taxable owner at a later date, outstanding taxes and accrued interest become due, and new taxable owner would be required to pay outstanding amounts or face property foreclosure.

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

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.