



POLK COUNTY

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ASSESSOR'S OFFICE
DOUGLAS SCHMIDT
Assessor

February 3, 2016
Senate Committee on Finance and Revenue
SB 1565

Chair Hass, members of the committee, thank you for allowing me to testify today. My name is Douglas Schmidt and I am the Polk County Assessor.

I am here today to testify on the implementation and administration of this bill as a representative of the Assessors Association. Assessors understand the importance of economic development and what it means to the various jurisdictions and the state. I also want to thank the stakeholders in this bill for reworking parts of the bill based on the input of the Assessors Association. However there are still concerns by Assessors, not over the policy of the bill, but over the implementation and administration of this bill. In summary, this bill will require Assessor's Offices to:

- Administer an exemption program that will have varying criteria from jurisdiction to jurisdiction.
- Administer an exemption program that could have differing criteria from year to year on the same property.
- Manually track and adjust Assessed Value for improvements.
- Implement a new tax deferral program that is unique from any other deferral program with some aspects of the program potentially not possible or difficult to administer.

Assessors ask that the committee consider amending the bill to do the following:

- Create an exemption that includes all taxing districts where the property is located, not just the jurisdiction approving the ordinance or resolution.
- Create an exemption that is 100% of the cost of initial investment of the qualified property for the length of the exemption.
- Standardize the application, reporting and approval process.
- Remove the deferral portion of the bill.

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To help meet the intent of the bill for local control, Assessors have also offered suggestions to stakeholders about modifications to the bill that include:

- Grant 100% exemption for the first and third years with a fifth year optional at the discretion of the jurisdiction. The taxpayer would pay taxes in the second year and fourth year. This creates the initial year tax savings to help with the cost of the eligible property, creates an incentive for the taxpayer to keep the improvements in production and eliminates some the claw back criteria.
- Keep all the eligible property taxable and once the taxes are paid by the taxpayer, allow the taxes for the eligible property to be reimbursed out of Economic Development funds. This creates incentive for the taxpayer to meet the requirements of the ordinance or resolution while still providing them the same benefit. By increasing the state Economic Development dollars to the local or county level, it allows for targeted programs.
- Keep all the eligible property taxable and once the taxes are paid by the taxpayer, allow jurisdictions to refund the amount of the taxes paid for the eligible property. This allows local jurisdictions to administer and monitor the program. It also provides incentive to the taxpayer to meet the requirements of the ordinance or resolution in that the taxes are refunded, not waived.

Thank you for your time and consideration. If you have questions, I will try and answer them.