

Recording fees – HB 4043 - Governments charging governments

**To the House Revenue Committee
Hearing on HB 4043
February 8, 2016**

The introduction of this bill brings up a policy issue that has been a concern of county assessors and tax collectors for several years. This bill would exacerbate the problem we perceive with the policy. Our concern is found in Section 6 of the bill.

The bill in Section 6 would add \$10 for a total of \$30 to the fee, which is ultimately credited to Housing and Community Development Department for use in housing related programs. Oregon County assessors and tax collectors have no official opinion about this policy but we see two apparent conflicts.

1. The Department of Revenue and the 36 Oregon counties collect taxes that are used to fund services for Oregonians. The Department has an exemption in the law (HB 4043, page 2, line 33) for their filing of warrants for collection but the counties do not. This means that counties governments collecting delinquent taxes on behalf of schools, cities and special districts pay a fee to the state. This is a requirement that has local governments funded by taxpayer monies paying another government (the state) for general public services. The state essentially is passing on the costs, in part, of the statewide affordable housing program to the counties through this fee. Counties, by law, have to absorb this fee for all accounts that are uncollectable and cannot share the costs with all the taxing districts by using property tax collections as a source. This policy is inconsistent, putative to counties in their carrying out of their fiduciary role and goes against the principle that governments should not charge other governments for general taxation for the common good.

2. Many of these fees that are required to be assessed are assessed by the county tax collector to low-income manufactured structure owners, who are the same constituents the fee is targeted to benefit. The policy frustrates itself in those cases.

John Phillips
Oregon Association of County Assessors
Oregon Association of County Tax Collectors
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What is at issue?

When personal property (business, manufactured structures, and floating homes) property taxes are delinquent the tax collector is required by law to issue and record a collection warrant (ORS 611.625). In the recording of that warrant the law requires the county to pay recording fees that are ultimately distributed to the state for state housing initiatives.

What fees are required to be paid by counties in doing their statutory collection work?

- 2009 legislation (HB 2436) adding a \$15 recording fee for housing programs,
- 2013 legislation (HB 2417) adding an additional \$5 for housing programs,
- HB 4043 proposing to add an additional \$10 recording fee for housing programs.

What change would address the two issues referenced above?

Amend ORS 205.323 by adding a subsection (6) to exempt county tax collectors from this fee for the filing of personal property tax warrants.