



# POLK COUNTY

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ASSESSOR'S OFFICE  
DOUGLAS SCHMIDT  
Assessor

February 25, 2016  
House Committee on Revenue  
SB 1565A

Chair Barnhart, 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, and especially Senator Boquist, for reworking parts of the bill based on the input of the Assessors Association.

As the bill is currently written, Assessors can implement and administer the bill, however there are still concerns by Assessors, not over the policy of the bill, but our efficiency in implementing and administering this bill. In summary, this bill will require Assessor's Offices to:

- Administer an exemption program that could have varying criteria from jurisdiction to jurisdiction, and even within the same jurisdiction, that could require Assessors to manually track assessed values, Section 1.(4)(b).
- 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, Section 3.

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

- Limit the exemption to 100% of the cost of initial investment of the qualified property for the length of the exemption, remove Section 1.(4)(b).
- Standardize the application, reporting and approval process, Section 2.(1)(a).
- Remove the deferral portion of the bill, Section 3.
- Set a date, April 1, the exemption information must be submitted to the Assessor. Currently the application must be to the jurisdiction by March 1, Section 2.(2)(a), but there is no date that it must be submitted to the Assessor.

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Chair Barnhart, members of the committee, in the last few legislative sessions Assessors have seen cities and counties asking for more “local control” with the legislature trying to accommodate them. On the property tax side, cities and counties are looking for ways to incentivize growth and industry plus manage programs. The concern we have with the progression toward local control of Property Tax issues is the efficiency with which we can administer the local control legislation.

Because of that, we offer a suggestion for consideration for future legislation affecting Property Tax exemption when the legislation does not provide for a consistent uniform statewide implementation. In the future, allow cities or counties to refund taxes paid by a taxpayer they wish to incentivize. This would mean one of two things:

- The first option is to 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 whatever program has been allowed by the legislature. It also provides incentive to the taxpayer to meet the requirements of the ordinance or resolution passed by the city or county in that the taxes are refunded, not waived, or;
- The second option is similar to the first except the taxes would 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.

In both of the cases described above, Assessors would not have to set up a targeted exemption program. Once the jurisdiction let the Assessor know the value of the property or asset that was part of the incentive program, we would only have to tell them the amount of taxes.

These options allows cities or counties the flexibility to craft a program that meets the needs of the taxpayer without undue time and expense to Assessors.

Thank you for your time and consideration. I will try and answer any questions.