

**To the House Committee on Revenue**

Chair Barnhart and members of the committee, my name is Tami Little and I am the current president of the Oregon Association of County Tax Collectors. Thank you for allowing me this opportunity to express a concern I have with this bill.

We ask that Section 3, the deferral option, be removed. We understand that the primary focus of the bill is the exemption piece and we are fine with the changes that were made to that piece however, we have strong concerns about the deferral option. We believe that the deferral option is a solution looking for a problem.

Here's why, the deferral option would be a complicated and complex program to administer.

- A 5-year deferral becomes a 10-year program to administer
- Creates additional tax liabilities (liens) that are only documented in the County Assessment and Tax records; i.e. no taxes are certified for collection or are delinquent
- If machinery and equipment leaves the county or state, a 3<sup>rd</sup> party buyer may not be aware there are taxes owing on the equipment,
- Pre-payments like those allowed in the bill are not contemplated in current law so there are gaps for where these monies are to be deposited and where, when and to whom they are to be distributed.
- Partial pre-payments make calculations and tracking a huge complexity for tax collectors and there is no statutory direction for this,
- If a business decided in year 3 to make a payment on the future liability, the money could not be distributed to the districts until the tax is extended;
- This option creates large amounts of taxes due on equipment that if moved, would likely not be collectable.

Summary: The program needs to be clear to the taxpayer and manageable to administer by Tax Collectors. Our experience is that taxpayers don't like complicated processes and prefer programs that are understandable.

- Its nice to have another option or tool in the tool box but where there is no real expectation that anyone will use this it should be recognized that county tax collectors have to expend time, staff resources and money to implement a program "just in case" someone decides they might want it.
- There are no other true deferral programs like this one in the law. Adding a new program that is unfunded and complex to administer will unduly complicate our work.