POLK COUNTY

ASSESSOR'S OFFICE

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House Committee on Revenue - HB 2407

Chair Barnhart, members of the committee, thank you for allowing me to testify today. My name is Douglas Schmidt, I am the Polk County Assessor and I am here today testifying on behalf of the Oregon State Association of County Assessors (OSACA).

At this time, OSACA has chosen to **Oppose** HB 2407. ORS 305.286, the Deferred Billing Credit statute, was instituted in 2011. We believe this law is doing exactly what it was intended to do, protecting taxing districts from large single year refunds.

For background, in 2009 when the Oregon Department of Revenue (DOR) took over the valuation of Communications Companies such as Comcast, Direct TV and others, there was concern the appeals generated from this action could cause large single year refunds from the taxing districts in the event DOR lost those appeals. ORS 305.286 came about due to a collaborative effort between the Association of Oregon Counties and numerous taxing districts.

The Deferred Billing Credit statute is not only for communications or centrally assessed properties. The provisions of the law can be, and have been, used on other locally assessed high value property appeals. Normally, the appeals process is 2 to 3 years so Comcast and the other communications companies are not the typical example of an appeal timeline.

It is important to point out that companies taxed under the Deferred Billing Credit statute do not have a choice in whether they are or are not subject to the statute. Applying this statute is a loss mitigation risk reduction decision based solely on the assessor's discretion in buffering taxing districts. This is not a company decision or even request.

If a company loses the appeal they do not have to pay interest plus the taxpayer will get the 3% discount, **if they pay the back taxes timely** as identified in ORS 305.286. This is no different, but on a much larger scale, than potential additional taxes posted to an account when property is removed from Farm Use Special Assessment. The potential additional tax could sit on a property for 2 years, 10 years or 20 years and does not accrue any interest. When the taxes become due and payable, the taxpayer will receive the 3% discount if they pay timely.

There is concern that communications companies who are benefitting from the Deferred Billing Credits are taking advantage of the taxing districts by investing the deferred taxes and making money. That may be true, but that does not affect the purpose or intent of ORS 305.286.

As stated earlier, OSACA Opposes changes to ORS 305.286 and believe it is accomplishing what it was intended to do.

If the committee believes there is a valid concern with ORS 305.286, an option to HB 2407 would have the taxpayer pay the full amount of the taxes levied. Any taxes the assessor determines to meet the Deferred Billing Credit criteria would be placed in an interest bearing account administered by the county treasurer. When the appeals are finished, the taxes with interest, would be paid to the districts or to the taxpayer. Understand, this option has not been vetted by treasurers or any other parties and it should be before given any serious consideration.

Thank you. If you have questions I will try and answer them.