



POLK COUNTY

POLK COUNTY COURTHOUSE ★ OFFICE: 503-623-8391 ★ FAX: 503-831-3015
DALLAS, OREGON 97338-3180

ASSESSOR'S OFFICE

DOUGLAS SCHMIDT
Assessor

March 27, 2017
House Committee on Revenue
HB 2978

Chair Barnhart, members of the committee, my name is Douglas Schmidt and I am the Polk County Assessor. Because the Oregon State Association of County Assessors (OSACA) has not had time to vote on this bill, I will be **Opposing** HB 2978. However, in discussion with Assessors, there are major concerns over the intent, implementation and administration of this bill.

HB 2978 would allow a taxing district to adopt an ordinance that, if approved by a majority of the voters in the district would “exempt a stated dollar amount of the assessed value of taxable real property located in the taxing district from operating taxes”. Sounds pretty simple.

Concerns:

- If the intent is to collect less taxes, the taxing district does not have to levy the full amount of their permanent rate.
- The obvious first concern is our A&T software does not have the capability to do this calculation. There will need to be significant reprogramming.
- HB 2978 applies to the permanent rate, local option levies, or both but not bonds. In whatever scenario the taxing district chooses, the bonds will always be calculated and collected against an assessed value different from the permanent rate and/or local option rate.
- The exemption of assessed value appears to be only against the permanent rate or local option levy of the taxing district who approved the exemption and not the other taxing districts.
- When taxes are calculated, they are based on the assessed or real market value of that individual property, not the total assessed value of the district.
 - How would we do a calculation based on a reduction in the overall assessed value in the taxing district when taxes are calculated at the individual property level?
 - How would we calculate taxes on an individual account with 2 different assessed values?
 - How is compression impacted?
 - Compression is at the individual property level.
 - The bill reduces the assessed value but not the real market value.

- Would there need to be a mathematical formula and calculation to adjust each individual properties taxes based on the overall reduction in taxes caused by the taxing districts reduced assessed value?
- According to ORS 310.055(2)(a)(G) Urban Renewal Tax Increment Taxes are excluded from the definition of “operating taxes.” Are Urban Renewal District tax increment taxes calculated at the full assessed value? What about the frozen assessed value?
- The bill only exempt’s real property. There is personal property, manufactured homes and utility property that are valued that appear to be excluded from the exemption.

And, there is probably more, but at this time HB 2978 appears to be a very difficult bill to implement and administer and I ask that it not be moved out of committee.

If you have any questions, I will try and answer them.