

HB 2363 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 4/6

WHAT THE MEASURE DOES:

Requires counties to annually determine, and include in their budget, the actual costs to the county of assessing property and collecting property taxes. Requires tax collector to withhold from property tax revenue distribution to taxing districts, an amount equal to the amount of assessment and collection costs after deducting funds received from the County Assessment Function Funding Assistance Account and all amounts levied by taxing districts for payment of bonded indebtedness. Apportions assessment and collection costs among taxing districts in proportion to each district's share of total county property tax collections. Limits district apportioned costs to no more than two percent of district's property tax distribution unrelated to bonded indebtedness. Phases in distribution withholdings over four years beginning with 2018-19 property tax year.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces Section 1 of introduced version.

Requires county assessor and tax collector, of a county listed as being at higher risk of financial distress in audit report issued by the Secretary of State, to determine the actual costs to the county of assessing property and collecting property taxes for all taxing districts within the county and include the determined costs in the annual budget of the county. Requires tax collector of affected county, after deducting funds received by the county from the County Assessment Function Funding Assistance Account, to apportion the net costs among all taxing districts in the county in proportion to each taxing district's share of total county property tax collections excluding bond levy collections. Limits net costs apportioned to a taxing district to no more than two percent of the property tax distributions made to the taxing district. Requires tax collector to withhold amount of apportioned net costs from property tax distributions to taxing districts until total amount of apportioned net costs have been withheld. Requires amounts withheld to be used solely to pay for expenses of the offices of assessor, tax collector and treasurer of the county.

BACKGROUND:

Oregon counties hold the primary statutory responsibility for administering the property tax system (Department of Revenue has oversight responsibilities and values centrally assessed property and higher value industrial property). Counties are responsible for setting values, calculating and issuing tax statements and collecting and distributing the tax to all taxing districts. County funding for assessment and tax collection is primarily derived from county district imposed property taxes and distributions from the annual County Assessment Function Funding Assistance grant program.

The Secretary of State's 2016 Audit Report, Oregon's Counties: 2016 Financial Condition Review, identified four counties at a higher risk of financial distress: Curry, Douglas, Josephine and Polk counties. Updated reports are issued biennially.