



POLK COUNTY

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

ASSESSOR'S OFFICE
DOUGLAS SCHMIDT
Assessor

DATE: May 1, 2017
TO: Representative Lively
FROM: Douglas Schmidt, Polk County Assessor
SUBJECT: Summary of HB 2407-2

Representative Lively;

I apologize for taking so long to get you this summary of HB 2407 and the dash two amendment.

ORS 305.286, commonly known as the Deferred Billing Credit law, was enacted in 2011 at the request of the assessors and taxing districts. Its purpose is to protect taxing districts from large single year tax refunds in the event the county or Department of Revenue lost a high value appeal (such as Comcast). The law is used solely at the discretion of the assessor as a risk management tool. The taxpayer cannot opt into the Deferred Billing Credit, nor can they opt out.

Definitions:

- Deferred Billing Credit (ORS 305.286) – The determination by the assessor of the amount of property tax **reduction** (deferred) on a property to address risk on a high value appeal.
- Potential Refund Credit (HB 2407-2) – The determination by the assessor of the amount of property tax **paid** by the taxpayer on the property to address risk on a high value appeal.
- Disputed Value – The value determined by the assessor that could be affected by the appeal.

Here is how ORS 305.286 currently works:

- A taxpayer appeals a large value property that is either a county or Department of Revenue responsibility account. The DOR appraises large value industrial property for counties and also appraises all Centrally Assessed Utility property for counties.
- The assessor determines there is significant risk to the taxing districts in either the dollar amount of the appeal or the expected duration of the appeal.
- The assessor determines a deferred billing credit (taxes) as the dollar amount necessary to address the risk presented to the county and taxing districts.
 - o Representative Lively, to identify the amount of risk I have on Comcast and the amount of the deferred billing credit, I looked at the value difference between the undisputed value (the value I had on Comcast as a Locally Assessed company before DOR took over responsibility for Comcast as a communications company) and the value placed on the tax roll by DOR (that difference is the disputed value). Then I calculate the disputed tax for the account based on the disputed value. This disputed **tax** is the amount of the “deferred billing credit”.
- The assessor notifies (orders) the officer in charge of the tax roll to include the deferred billing credit in the tax statement.
 - o Placing the deferred billing credits (deferred taxes) on the account **reduces the taxes** the taxpayer must pay on their tax bill.

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- There is no interest accruing on the deferred taxes in the event the taxpayer loses the appeal provided the taxpayer pays the taxes due timely.
- The taxpayer will receive the 3% discount on any taxes due when the appeal is final are paid timely.
- The taxpayer pays the deferred billing credit reduced taxes.
- When the appeal is final, the county will notify the taxpayer if there is additional taxes that must be paid or send the taxpayer a refund of any overpayment.

Here is how HB 2407-2 would work, the first 3 points are the same as the deferred billing credit:

- A taxpayer appeals a large value property that is either a county or Department of Revenue responsibility account. The DOR appraises large value industrial property for counties and also appraises all Centrally Assessed Utility property for counties.
- The assessor determines there is significant risk to the taxing districts in either the dollar amount of the appeal or the expected duration of the appeal.
- The assessor determines a deferred billing credit (taxes) as the dollar amount necessary to address the risk presented to the county and taxing districts.
- The assessor notifies the officer in charge of the roll that the Potential Refund Credit will be used on the property and the amount of taxes the Potential Refund Credit will be for.
 - The officer in charge of the roll includes a notice in the property tax bill notifying the taxpayer of the Potential Refund Credit.
- The taxpayer pays the **full amount of the taxes**. If they pay timely the taxpayer receives the 3% discount.
- The officer in charge of the roll deposits the amount of the Potential Refund Credit in to an account administered by the County Treasurer.
- When the appeal is final, the county will notify the taxpayer if there is additional taxes that must be paid or send the taxpayer a refund of any overpayment.

Representative Lively, the major change with the -2 amendment is the taxes are not deferred (not payed) but instead they are paid but placed into an account administered by the County Treasurer. This change requires the taxpayer to pay the taxes just like any other taxpayer and then will get those taxes back in the event they prevail in the appeal. The only interest the taxpayer will receive on any refund is the amount of interest earned in the account administered by the County Treasurer.

I know this is convoluted, but the two programs work similar up to the point of the amount of taxes that must be paid.

If you have questions, please feel free to contact me at schmidt.douglas@co.polk.or.us. or 503-623-8391.