

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2573 - 3**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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Date:

**Measure Description:**

Eliminates annual filing requirement of business personal property owners receiving property tax cancellation relating to business personal property the total value of which is less than the specified threshold.

**Government Unit(s) Affected:**

Counties, Department of Revenue(DOR)

**Analysis:**

Under current law, counties assess a personal property tax on certain business property within the jurisdiction. The tax is cancelled if the total assessed value of the taxpayer’s eligible business property is less than a specified amount, which is indexed to inflation. To have the tax cancelled, the taxpayer files an initial application with the county assessor, and then in subsequent years, files a statement declaring that the value of the taxpayer’s business personal property remains under the threshold.

This bill, with the -3 amendment, creates a new process for exempting business personal property from tax. Rather than cancelling the tax, the bill establishes that business property valued at less than the specified amount is not subject to the personal property tax. The bill allows counties to mail an annual notice to the taxpayer informing them that their business personal property is not subject to tax. The mailing shall include a form created by the Department of Revenue on which the taxpayer can attest that the taxpayer has not added or deleted any taxable personal property since the prior assessment. The notice shall state that if the taxpayer has added or deleted taxable property, that they must file a business property tax return.

This bill also doubles the personal property tax exemption amount for manufactured structures in counties with populations greater than 570,000 (Multnomah and Washington). With indexing, the exemption amount would be \$33,500 for 2017-2018.

Counties

In 2015, approximately 58,000 accounts statewide were under the assessment threshold and had their tax cancelled. The bill, with the -3 amendment is permissive, but for those counties that opt to mail the notice, counties estimate that generating and mailing the notice required by the -2 amendment would cost about \$2.18 per notice, or \$126,440 statewide. For those counties that currently mail tax returns to taxpayers, some of this cost would be offset because returns would no longer be mailed to this group. Because the new form would replace the existing declaration, no additional costs would be incurred for processing, however, there may be an initial increase in call volume related to the new process.

The cost to Multnomah and Washington counties for the increased manufactured structures exemption is indeterminate. There may be a loss in revenue, however, there would also be some reduction in expenses associated with return processing and enforcement.

Department of Revenue

The impact of this bill with the -2 amendment is minimal for the Department of Revenue.