



POLK COUNTY

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

ASSESSOR'S OFFICE

DOUGLAS SCHMIDT
Assessor

May 31, 2017
House Committee on Revenue
HB 2115 – Work Session Testimony

Chair Barnhart, member so of the committee. My name is Douglas Schmidt, Polk County Assessor and I am testifying today for the Oregon State Association of County Assessors (OSACA)

In the granting of any property tax exemption, assessors are looking for clear language and qualifying criteria so that we can implement the property tax exemption efficiently and effectively. The -7 amendment to HB 2115 places responsibility on the Oregon Health Authority to issue a qualifying certificate in order for the hospital and their affiliated clinics to be tax exempt. This removes the qualifying determination from the assessors.

However, there are a couple of issues with HB 2115-7 that we would like to see addressed.

First, we want the intent of the law to be clear in the qualification of affiliated clinics. The -7 amendment appears to allow a hospital to purchase a for-profit clinic and immediately have the clinic be exempt from property taxes, provided the hospital qualifies for property tax exemption. This is the same issue assessors have now. We have to take property off the tax roll for clinics when nothing in that clinics business, process or structure has changed except it is now owned by an exempt hospital. If this is the policy and intent of this committee, assessor just need to know that.

Second, there is a provision in Section 3. (3)(c) page 4 lines 23 to 25 that allows an exemption criteria to be based on the property taxes of a hospital or affiliated medical clinic. We do not keep up to date Real Market Values, nor are we required to keep Maximum Assessed Values or property taxes on property that is exempt. This means our Real Market and Personal Property Values are probably low and could give a hospital and the affiliated clinics an exemption when they shouldn't get one.

If this bill uses property taxes as one of the qualifiers for the exemption, assessors may be required to annually value all real and personal property of hospitals and affiliated clinics. We may also be required to defend values on potentially exempt property if the hospital and affiliated clinics use property taxes as a mechanism to become exempt. If they can reduce the potential property taxes down below the community benefit amount then they are exempt.

The last issue is a policy issue for the legislature, but this bill and amendment moves hospitals and affiliated clinics away from a measureable “charity” qualification into a scenario of community benefit and social determiners of value that have no, or vague, established metrics for determining what or how much a facility should be doing, if any. Does this provide clarity to the public?

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