

Date: June 14, 2017  
To: Senate Committee on Finance and Revenue  
From: The Association of Oregon Counties  
Subject: House Bill 2407A

Please add to the records of the Senate Committee on Finance and Revenue these comments related to House Bill 2407A, which is on the committee's agenda for a hearing and work session on June 14, 2017.

**AOC stands with county assessors and tax collectors in full support of House Bill 2407A,  
the Deferred Billing Credit Reform bill**

Enacted in 2011, Deferred Billing Credits (DBC) provide the county assessor with the authority to issue a DBC to taxpayers when the tax assessment is appealed and the dollar amount in dispute exceeds \$1 million. The issuance of a DBC mitigates the risk to local taxing districts from being required to refund taxes previously collected, with 12% interest in instances where final resolution of appeal results in a refund of taxes paid. When a DBC has been issued, the taxpayer is not required to pay taxes equal to the amount of the DBC.

The concept resulted from discussions among local taxing district stakeholders in response to unexpected, unbudgeted, and expensive appeals requiring refunds to industrial or centrally assessed property taxpayers. The stakeholders, however, did not have in mind instances of extended, multi-year administrative and judicial appeals. Experience shows that leaving the growing amount of disputed taxes with the taxpayer provides additional resources for the appellant to extend the dispute to the expense of the taxpayer and public jurisdictions.

HB 2407A offers the procedure endorsed by the Council on State Taxation (COST), which represents nearly 600 multistate corporations. The bill allows the county assessor to issue a potential refund credit in instances where DBCs are allowed under current law. The taxpayer must pay the amount of taxes included in the potential refund credit. The county treasurer will withhold the amount of taxes included in the potential refund credit and deposit the amounts in an investment pool or any other investment account. Upon final resolution of the appeal, the amount withheld and interest accrued will be refunded to the taxpayer or deposited into the unsegregated tax collections account depending upon the outcome of the appeal.

HB 2407A is clean, simple, and balanced. Please send it to the full Senate "do pass".