

HB 2407 A STAFF MEASURE SUMMARY**Carrier:** Sen. Hass**Senate Committee On Finance and Revenue**

Action Date: 06/20/17
Action: Do pass the A-Eng bill.
Vote: 4-0-1-0
Yeas: 4 - Baertschiger Jr, Hass, Riley, Taylor
Exc: 1 - Boquist
Fiscal: Has minimal fiscal impact
Revenue: Revenue impact issued
Prepared By: Kyle Easton, Economist

WHAT THE MEASURE DOES:

Eliminates deferred billing credit statutory language following effective date of act. Deferred billing credits issued prior to effective date of measure are unaffected by changes in measure as amended. Allows county assessor to issue a potential refund credit in instances where deferred billing credits are allowed under current law. Requires taxpayer to pay amount of taxes included in potential refund credit. Upon issuance of potential refund credit, requires county treasurer to withhold amount of taxes included in potential refund credit and deposit withheld amounts in investment pool or any other investment account. Requires county treasurer to provide for proper accounting of any interest accruing on withheld amount. Upon final resolution of appeal to which potential refund credit relates, requires amount withheld and interest accrued to be refunded to taxpayer or deposited into unsegregated tax collections account depending upon outcome of appeal. Eliminates assessor quarterly reporting of deferred billing credits, requires assessor to annually report potential refund credits. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Depending on outcome of litigation, interest would go to prevailing party be it taxing districts or property taxpayer
- Process assessor and clerk follow in determining whether to issue a deferred billing credit (DBC)
- Process of standard property tax appeal, example: residential property dispute
- How often deferred billing credits are issued
- Fees associated with investing in Treasury's local investment pool or fees incurred by county treasurers in investing in similar investment vehicles
- Criticism that assessors could potentially begin issuing potential refund credits in an advantageous manner in an effort to avoid having to pay property tax refunds following property tax disputes.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Enacted in 2011 by HB 2569, Deferred Billing Credits (DBC) provide the county assessor with the authority to, at their discretion, issue a DBC to taxpayers when tax assessment is appealed and dollar amount in dispute exceeds \$1 million. Assessor is allowed to provide DBC in any amount deemed necessary to address the risk presented by an appeal. The issuance of a DBC mitigates the risk to the county tax collector, and in effect 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, taxpayer is not required to pay taxes extended equal to amount of the deferred billing credit. If final resolution of appeal results in taxes being owed by property owner, taxes are due within 45 days following the date on which the county assessor mails the notice of tax due. Taxes paid within 45 days of notice are payable without interest and after application of the three percent discount for prompt

HB 2407 A STAFF MEASURE SUMMARY

payment.

Interest charge and collected on delinquent property taxes accrues at the rate of one and one-third percent per month (ORS 311.505). Refund interest paid accrues at a rate of one percent per month (ORS 311.812).