

A-Engrossed
House Bill 2407

Ordered by the House May 15
Including House Amendments dated May 15

Sponsored by Representative LIVELY; Representative HELM (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[With respect to deferred billing credits, provides that four percent interest be charged for period of dispute on additional taxes ordered upon final resolution of dispute. Decreases interest payable on refunds ordered upon final resolution of dispute from 12 percent to four percent. Eliminates application of three percent discount for timely payment of additional taxes upon final resolution of dispute.] **Replaces authority of county assessor to issue deferred billing credit in cases of high-value property tax appeals with authority to issue potential refund credit. Requires timely payment in full of property taxes assessed on property to which potential refund credit relates. Requires county treasurer to deposit amount of taxes included in potential refund credit in trust fund. Provides that, upon final resolution of appeal, amount of potential refund credit, plus interest earned in trust fund, be paid as directed by court order. Grandfathers provisions of amended statute with respect to outstanding deferred billing credits.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to deferred billing credits; creating new provisions; amending ORS 305.286; and prescribing
3 an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 305.286 is amended to read:

6 305.286. (1)(a) Whenever any property value or claim for exemption or cancellation of a property
7 tax assessment is appealed, if the dollar amount in dispute exceeds \$1 million, the assessor of the
8 county in which the property is located may order the officer in charge of the assessment and tax
9 roll to *[include a deferred billing credit in the property tax statement of the property or in a separate*
10 *notice of deferred billing]* **issue a potential refund credit with respect to the property as pro-**
11 **vided in this section.**

12 (b) If the appeal relates to property assessed under ORS 308.505 to 308.681, the assessor of each
13 county to which a portion of the value is apportioned may *[order inclusion of a deferred billing]* **is-**
14 **sue a potential refund** credit under paragraph (a) of this subsection:

15 (A) Even if the dollar amount in dispute with respect to the county is \$1 million or less; and

16 (B) Independently of the assessor of any other county.

17 (2) For purposes of this section, the dollar amount in dispute means the dollar amount of real
18 market value or specially assessed value in dispute:

19 (a) For all tax years to which the appeal relates and any tax year during the pendency of the
20 appeal; and

21 (b)(A) For all property of a taxpayer that is the subject of an appeal, regardless of whether the
22 property is the subject of separate appeals; or

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 (B) For property that is assessed under ORS 308.505 to 308.681, for all current appeals relating
2 to the property or to a unit of which the property is a part.

3 **(3)(a) Except as expressly provided in this section, nothing in this section affects the laws**
4 **governing the assessment and collection of ad valorem property taxes with respect to prop-**
5 **erty to which a potential refund credit relates.**

6 **(b) Nothing in this section relieves a taxpayer of the obligation to comply with all laws**
7 **governing the timely payment of ad valorem property taxes assessed on the property of the**
8 **taxpayer to which a potential refund credit relates.**

9 [(3)] **(4) For purposes of this section, the county assessor shall determine [a deferred billing] the**
10 **amount of a potential refund credit as the dollar amount necessary to address the risk presented**
11 **to the county by an appeal with respect to the tax year that is the subject of the property tax**
12 **statement of the property[, or of the separate notice of deferred billing, in which the deferred billing**
13 **credit is included] to which the potential refund credit relates.**

14 [(4)] **(5)(a) The county assessor may order issuance of a [separate notice of deferred billing] po-**
15 **tential refund credit pursuant to this section at any time during a tax year to which an appeal**
16 **relates and any tax year during the pendency of the appeal.**

17 **(b) Within 10 days after issuing a potential refund credit, the county assessor shall no-**
18 **tify:**

19 **(A) The county treasurer of the amount of taxes included in the potential refund credit;**
20 **and**

21 **(B) The taxpayer of the amount of taxes included in the potential refund credit and of**
22 **the provisions of this section.**

23 [(5)(a) *The portion of a deferred billing credit representing tax amounts that have been paid shall*
24 *be refunded without interest under ORS 311.806 as soon as practicable.*]

25 [(b) *Any amount paid after notice of a deferred billing credit in a property tax statement or a*
26 *separate notice of deferred billing is mailed that exceeds the amount due after applying the deferred*
27 *billing credit shall be returned to the taxpayer without interest.*]

28 [(6) *Inclusion of a deferred billing credit in a property tax statement or a separate notice of de-*
29 *ferred billing does not give rise to a cause of action other than an action to ensure proper application*
30 *of the provisions of this section.*]

31 **(6)(a) Upon payment by the taxpayer of taxes included in a potential refund credit, the**
32 **county treasurer shall withhold the amount of taxes included in the potential refund credit**
33 **from the amounts credited under ORS 311.395, net of any discounts, and deposit the withheld**
34 **amount into a trust fund administered by the county treasurer in accordance with paragraph**
35 **(b) of this subsection.**

36 **(b) The county treasurer may:**

37 **(A) Deposit the amount withheld under paragraph (a) of this subsection in the invest-**
38 **ment pool as defined in ORS 294.805 or any other investment account.**

39 **(B) Create a separate account for any amount withheld that is deposited in the invest-**
40 **ment pool or other investment account or commingle the amount withheld with other county**
41 **moneys and account for the amount withheld separately.**

42 **(c) The county treasurer shall provide for proper accounting of any interest accruing on**
43 **the amount withheld.**

44 [(7)(a) *If a deferred billing credit is included in a property tax statement or a separate notice of*
45 *deferred billing, tax amounts credited may not be considered delinquent during the period beginning*

1 *with the inclusion of the credit and ending with the final resolution of the appeal to which the credit*
2 *relates.]*

3 *[(b) During the period described in paragraph (a) of this subsection, interest may not be charged*
4 *or collected on tax amounts described in paragraph (a) of this subsection.]*

5 **(7)(a) Upon final resolution of the appeal to which a potential refund credit relates, in-**
6 **terest shall be computed and paid solely based on the amount earned by moneys in the in-**
7 **vestment account in which the amount withheld was deposited during the period the amount**
8 **withheld was deposited in the account.**

9 **(b) If a refund is ordered, notwithstanding ORS 311.812, the amount of the refund shall**
10 **be paid to the taxpayer out of the amount withheld under subsection (6) of this section, with**
11 **interest as provided in paragraph (a) of this subsection for the period beginning on the later**
12 **of the payment date or due date of the taxes included in the potential refund credit and**
13 **ending on the date on which the refund is paid.**

14 **(c)(A) To the extent that taxes included in a potential refund credit are held to be due**
15 **to the taxing districts, notwithstanding ORS 311.505, the county treasurer shall withdraw an**
16 **amount not to exceed the amount due, with interest as provided in paragraph (a) of this**
17 **subsection, from any account in which the amount withheld has been deposited under sub-**
18 **section (6) of this section and deposit the amount in the unsegregated tax collections account**
19 **described in ORS 311.385 for distribution in accordance with ORS 311.390.**

20 **(B) The potential refund credit shall be deemed imposed in the tax year or years to which**
21 **the appeal that gave rise to the potential refund credit relates. The effect of the tax limita-**
22 **tion under Article XI, section 11b, of the Oregon Constitution, shall be determined with re-**
23 **spect to the amount of taxes included in the potential refund credit in the tax year or years**
24 **in which the taxes were levied.**

25 *[(8) If a refund is ordered upon final resolution of the appeal to which a deferred billing credit*
26 *relates, interest shall be paid as provided in ORS 311.812 for the period beginning on the later of the*
27 *payment date or due date and ending on the date of refund, on:]*

28 *[(a) The amount refunded pursuant to subsection (5)(a) of this section that is affirmed by order*
29 *upon final resolution of the appeal; and]*

30 *[(b) The amount by which the refund exceeds the deferred billing credit.]*

31 *[(9) If the final resolution of the appeal results in additional taxes due, the county assessor shall*
32 *mail to the taxpayer as soon as practicable a notice containing the amount of the taxes due and the*
33 *information specified in subsection (10) of this section.]*

34 *[(10)(a) Additional taxes due upon final resolution of the appeal are payable without interest and*
35 *after application of the discount of three percent under ORS 311.505 if paid within 45 days following*
36 *the date on which the county assessor mails the notice required under subsection (9) of this section.]*

37 *[(b)(A) If the additional taxes are not paid within the period specified in paragraph (a) of this*
38 *subsection, except as provided in subsection (7) of this section, the additional taxes shall be considered*
39 *for all purposes of collection and enforcement of payment as having been delinquent on the date the*
40 *taxes would normally have become delinquent if the additional taxes had been timely extended on the*
41 *roll.]*

42 *[(B) Notwithstanding subparagraph (A) of this paragraph, interest on the additional taxes shall*
43 *be computed beginning on the 46th day after the date on which the county assessor mails the notice*
44 *required under subsection (9) of this section.]*

45 *[(11)]* **(8) On or before November 25 of each year, the county assessor shall provide [a quar-**

1 *terly*] **an annual** report to the governing body **and the treasurer** of the county showing the status
2 of all current [*deferred billing*] **potential refund** credits and the status of the appeals to which the
3 credits relate.

4 [(12) *As used in this section:*]

5 [(a) *“Property tax statement” means the document described in ORS 311.250.*]

6 [(b) *“Separate notice of deferred billing” means a notice to the taxpayer, other than the property*
7 *tax statement, that the provisions of this section apply and stating the amount of the deferred billing*
8 *credit and the amount of refund, if any.*]

9 **(9) Issuance of a potential refund credit, the withholding of tax amounts, the deposit of**
10 **amounts withheld in an account and the payment of interest upon resolution of an appeal**
11 **under this section do not give rise to a cause of action other than an action to ensure proper**
12 **application of the provisions of this section.**

13 **(10) The Department of Revenue may adopt rules for purposes of this section.**

14 **SECTION 2. (1) The amendments to ORS 305.286 by section 1 of this 2017 Act do not apply**
15 **to deferred billing credits issued under ORS 305.286 as in effect immediately before the ef-**
16 **fective date of this 2017 Act.**

17 **(2) The provisions of ORS 305.286 as in effect immediately before the effective date of this**
18 **2017 Act continue to apply to a deferred billing credit through the payment of a refund or**
19 **the collection of additional taxes, as applicable, upon final resolution of the appeal to which**
20 **the deferred billing credit relates.**

21 **SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017**
22 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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