

# Senate Bill 787

Sponsored by Senator KRUSE

## 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 **as introduced**.

Requires county at higher risk of financial distress to withhold from taxing districts costs to county of assessing property and collecting property taxes. Limits withheld amount to two percent of tax distribution to taxing district. Excludes moneys distributed for bonded indebtedness from withholding.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to county property tax administration; creating new provisions; amending ORS 311.385,  
3 311.390, 311.395 and 311.658; and prescribing an effective date.

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

5 **SECTION 1. (1) This section applies to any county during the period in which the county**  
6 **is listed as being at higher risk of financial distress in an audit report of the financial con-**  
7 **dition of counties issued by the Secretary of State.**

8 **(2)(a) The assessor and tax collector of each county shall make an annual determination**  
9 **of the actual costs to the county of assessing property and collecting property taxes.**

10 **(b) The governing body of the county shall include the costs in the annual budget of the**  
11 **county.**

12 **(3) The tax collector shall withhold from the property tax collection distribution made**  
13 **pursuant to ORS 311.390 (1) an amount equal to the amount of costs determined under sub-**  
14 **section (2) of this section, after deducting the following amounts:**

15 **(a) All funds received from the County Assessment Function Funding Assistance Account**  
16 **under ORS 294.178; and**

17 **(b) All amounts levied by taxing districts for the payment of bonded indebtedness plus**  
18 **interest.**

19 **(4)(a) After determining the amount of costs under subsection (2) of this section, the tax**  
20 **collector shall apportion the costs among the taxing districts in the county in proportion to**  
21 **each district's share of total county property tax collections, including property tax col-**  
22 **lections retained by the county.**

23 **(b) Costs apportioned to a taxing district may not exceed two percent of the taxing**  
24 **district's distribution that is not bonded indebtedness plus interest.**

25 **(5) Moneys withheld by the tax collector under this section may be deposited in an ac-**  
26 **count of the county other than the unsegregated tax collections account.**

27 **SECTION 2. Section 1 of this 2017 Act applies to property tax years beginning on or after**  
28 **July 1, 2018.**

29 **SECTION 3. ORS 311.390 is amended to read:**

30 **311.390. (1)(a) When the tax collector receives the assessor's certificate pursuant to ORS 311.115,**

**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 the tax collector shall prepare and file with the county treasurer a percentage schedule of the ratio  
 2 of taxes on property, as defined in ORS 310.140, and other amounts to be collected, after reductions  
 3 necessary to comply with section 11b, Article XI of the Oregon Constitution, after making adjust-  
 4 ments in accordance with ORS 311.105 (1)(c), for each governmental unit as shown in such certifi-  
 5 cate, compared to the total of each of those amounts.

6 (b) If a tax supervising and conservation commission has submitted to the tax collector a list  
 7 of municipal corporations subject to proration and the amounts prorated under ORS 294.632, before  
 8 the tax collector calculates the ratio of taxes on property under this subsection, the tax collector  
 9 shall deduct the amounts submitted by the tax supervising and conservation commission from the  
 10 amounts scheduled for distribution under this section for municipal corporations subject to the ju-  
 11 risdiction of the tax supervising and conservation commission. The amount deducted from the dis-  
 12 tribution to the municipal corporations shall be added to the amount distributed to the county.

13 (c) The schedule shall be approved by the county accountant, if one exists in the county, or by  
 14 the county clerk before filing. Except as provided in subsections (2) and (3) of this section, the  
 15 distribution of collections by the tax collector shall be made on the basis of the ratios computed  
 16 pursuant to this section. The ratios computed pursuant to this section for a given fiscal year shall  
 17 be used for the distribution of all taxes on property or penalties that have been imposed, collected  
 18 and received for that fiscal year, regardless of the actual date of receipt, except for moneys retained  
 19 by a county to pay bankruptcy costs under ORS 311.484 **and the amount withheld by a tax col-**  
 20 **lector under section 1 of this 2017 Act.** Interest earned on moneys in the unsegregated tax col-  
 21 lections account shall be distributed according to the ratio applicable to the year in which the  
 22 moneys are distributed.

23 (2) If, after the ratios are computed pursuant to this section, the amount of a levy or other tax  
 24 on property is changed, or a levy or other tax on property is filed with the assessor pursuant to  
 25 ORS 310.060 that had not been included in the tax distribution schedule for that year, the tax col-  
 26 lector shall revise the percentages provided in subsection (1) of this section to reflect the corrected  
 27 or added levy or tax and shall adjust the amounts previously distributed and to be distributed  
 28 thereafter to reflect the revision in percentages.

29 (3) If, in the opinion of the tax collector, it is not feasible to make the revisions described in  
 30 subsection (2) of this section, the tax collector shall treat the amount of the change in levy or tax  
 31 or the additional levy or tax as a separate tax collection and segregate the moneys collected for the  
 32 particular district or districts in the periodic statement of tax collections given to the county  
 33 treasurer pursuant to ORS 311.395.

34 (4) If the percentage schedule is revised, a copy shall be filed with the county treasurer after  
 35 approval by the county accountant, if one exists in the county, or by the county clerk.

36 (5) If, after the ratios are computed under this section, a levy or tax is changed or a levy or tax  
 37 is filed with the assessor pursuant to ORS 310.060, that was not included in the tax distribution  
 38 schedule for that year, future distributions of interest shall be based on the revised percentages that  
 39 reflect the corrected or added levy or tax. No adjustments shall be made for previously distributed  
 40 interest.

41 **SECTION 4.** ORS 311.395 is amended to read:

42 311.395. (1) The tax collector shall make statements of the exact amounts of property tax moneys  
 43 in cash and warrants collected as follows:

44 (a) For the period beginning on the first Monday following the last Friday in October through  
 45 the last Friday in November, the tax collector shall make weekly statements of those taxes that are

1 collected for the current tax year.

2 (b) For the period beginning the first Monday following the last Friday of November through the  
3 last Friday of October of the ensuing year, the tax collector shall make quarterly statements of  
4 those taxes that are collected for the current tax year.

5 (c) The tax collector shall make quarterly statements of taxes collected for prior years.

6 (d) Notwithstanding paragraph (b) or (c) of this subsection, if the balance in the unsegregated  
7 tax collection account as of the close of any month for any tax year (the current tax year or any  
8 prior tax year) exceeds \$10,000 or if requested by any taxing district, and if weekly statements are  
9 not required, then the tax collector shall make a statement for the period since the last statement  
10 for the tax year.

11 (e) If the processing of tax payments for the current tax year received or postmarked on or be-  
12 fore the November 15 due date (or if the due date is extended under ORS 311.507, the due date  
13 pursuant to the extension) is not substantially completed as of the last Friday in November, the tax  
14 collector shall continue to make weekly statements until the end of a week when the processing is  
15 substantially completed.

16 (2)(a) Each statement shall be of taxes collected during the weekly, monthly, quarterly or other  
17 period for which the statement is required.

18 (b) The statements prepared under subsection (1) of this section shall specify the tax years for  
19 which the payments of taxes were made.

20 (c) A copy of each statement shall be filed with the county clerk and a copy shall be filed with  
21 the county treasurer no later than the fifth business day after the last business day of the period  
22 for which the statement is prepared. A copy of each statement shall be retained in the office of the  
23 tax collector.

24 (3) For the purposes of this section, property tax moneys are collected when:

25 (a) Payment is made in person at the office of the tax collector;

26 (b) The tax collector receives tax moneys or notice of tax moneys collected by a financial in-  
27 stitution or other collection agency;

28 (c) The tax collector receives payment or notice of payment of tax moneys by the state; or

29 (d) The tax collector has posted a payment that arrived by mail in the county mail receptacle.

30 (4) Each statement required under subsections (1) and (2) of this section shall separately state  
31 the amount deposited into the property tax bankruptcy account under ORS 311.484 **and the amount**  
32 **determined under section 1 of this 2017 Act** for the period covered by the statement.

33 (5) The statements required under subsections (1) and (2) of this section may be made more often  
34 and for shorter periods if the tax collector so desires but one of the statements so filed shall cover  
35 a period coinciding with the last business day of the particular calendar month or quarter during  
36 the period.

37 (6) The county treasurer shall credit the total amount of moneys set out in the statements pre-  
38 pared under subsections (1) and (2) of this section, except for the amount deposited into the property  
39 tax bankruptcy account under ORS 311.484 **and the amount determined under section 1 of this**  
40 **2017 Act**, to the several funds for which the moneys were respectively received in accordance with  
41 the schedule provided in ORS 311.390. The county treasurer shall keep the moneys and warrants  
42 received from the tax collector in their respective funds.

43 (7) Within five business days of receiving a statement required by subsection (1) or (2) of this  
44 section, the county treasurer shall distribute the amount of money set out in the statement, except  
45 for the amount deposited into the property tax bankruptcy account under ORS 311.484 **and the**

1 **amount determined under section 1 of this 2017 Act**, to the several taxing units according to the  
 2 ratios provided in ORS 311.390. The county treasurer shall distribute interest earned on moneys in  
 3 the unsegregated tax collections account at least as often as the treasurer receives a statement from  
 4 the tax collector under subsection (1)(b) or (d) of this section. When statements are received under  
 5 subsection (1)(a) of this section, the county treasurer shall distribute interest at least once a calen-  
 6 dar month.

7 **SECTION 5.** ORS 311.658 is amended to read:

8 311.658. (1) Each of the several counties shall collect and pay over as required by law the  
 9 amount apportioned as provided under ORS 311.657 and 311.375 and this section.

10 (2) The state shall be considered a taxing district for purposes of ORS 311.105. However, the  
 11 state shall not be included in any distribution of moneys (in lieu of tax or otherwise) that are re-  
 12 quired to be apportioned among and offset against the levy of one or more particular districts, but  
 13 only in the distribution of those tax moneys that are used to reduce the amount of taxes extended  
 14 on the roll and collected by the tax collector.

15 (3) Notwithstanding ORS 311.385, property tax moneys collected pursuant to a state levy shall  
 16 not be deposited to the unsegregated tax collections account under ORS 311.385 but shall be de-  
 17 posited in the county treasury and distributed as provided under ORS 311.375.

18 (4) The state shall not be included in the percentage distribution schedule under ORS 311.390  
 19 **and shall not be considered a taxing district for purposes of section 1 of this 2017 Act.**

20 (5) It shall not be necessary to change the values of the particular descriptions of property as-  
 21 sessed in each of the several counties on the assessment rolls on account of a state levy of ad  
 22 valorem property tax.

23 (6) No deduction or abatement shall be made from the apportionment of any county because of  
 24 the delinquency of any taxpayer, or error or omission in the assessment roll or for any other reason.

25 (7) In exercising its supervisory powers under ORS 306.115 (1), the Department of Revenue may  
 26 adopt rules governing the certification, apportionment, transmission of transcript, extension, offset,  
 27 collection and distribution of the state tax levy. The Department of Revenue and the Oregon De-  
 28 partment of Administrative Services shall develop procedures for informing the State Treasurer of  
 29 the condition of any general obligation bond fund program and any state levy anticipated or made  
 30 under this section.

31 **SECTION 6.** ORS 311.385 is amended to read:

32 311.385. (1) The tax collector shall deposit all property tax moneys with the county treasurer  
 33 no later than:

34 (a) One business day after:

35 (A) Payment of the moneys is made in person at the office of the tax collector; or

36 (B) The tax collector receives moneys collected by a financial institution or other collection  
 37 agency; or

38 (b) Thirty calendar days after the payment arrives by mail in the county mail receptacle.

39 (2) The tax collector shall take a receipt for all moneys deposited with the county treasurer.

40 (3) Property tax moneys shall not be deposited in any account other than the unsegregated tax  
 41 collections account, except as provided in ORS 311.370, 311.484 and 311.508 **and section 1 of this**  
 42 **2017 Act.**

43 (4) No later than one business day after receiving notice of collection of tax moneys by a fi-  
 44 nancial institution or other collection agency, the tax collector shall notify the county treasurer of  
 45 the collection of those tax moneys.

1 (5) Except as provided in ORS 311.370, 311.484 and 311.508 **and section 1 of this 2017 Act**, the  
2 county treasurer shall deposit all property tax moneys to an account in the records of the county  
3 treasurer designated as the unsegregated tax collections account. Only those moneys that will be  
4 distributed under ORS 311.390 and interest earned from the investment of those moneys shall be  
5 deposited to the unsegregated tax collections account.

6 (6) As used in this section, “property tax moneys” includes all ad valorem taxes and all taxes  
7 on property, as defined in ORS 310.140, and all other amounts specifically authorized by law to be  
8 included on the assessment and tax roll, that are certified for collection under ORS 310.060 or other  
9 law and any interest on those taxes.

10 **SECTION 7. The amendments to ORS 311.385, 311.390, 311.395 and 311.658 by sections 3**  
11 **to 6 of this 2017 Act apply to property tax years beginning on or after July 1, 2018.**

12 **SECTION 8. This 2017 Act takes effect on the 91st day after the date on which the 2017**  
13 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

14