

HB 4139
February 8, 2018



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House Committee on Revenue
HB 4139

Chair Barnhart, members of the committee, my name is Mike Cowles and I am the Lane County Assessor/Tax Collector testifying on behalf of the Oregon State Association of County Assessors (OSACA). At this time, OSACA is **opposed** to HB 4139.

When OSACA looks at a bill dealing with property taxes we review it to see if it will simplify the property tax system and whether we can administer and implement the bill efficiently and effectively. It is true we can administer this bill, but we do not believe it meets the criteria of simplifying the property tax system or allowing us to administer and implement it efficiently and effectively.

Specifically, we oppose this bill based on the following observations:

- HB 4139 moves tangible property in the State of Oregon out of Ad Valorem Property Taxation and into a complex rental tax based system.
- HB 4139 creates a property tax exemption with no ability by the assessors to report the amount of the exemption, or tax expenditure.
- It is not clear how this bill resolves current issues identified as being problematic. Current issues include, but are not limited to: The mobility of equipment makes it difficult to track by store. Double taxation may result if equipment moved to another state during the year. Difficulty of reporting due to multiple layers of taxation for the parent company.
- The bill creates a dual reporting system for heavy equipment rental businesses with only the heavy equipment and ancillary equipment being exempt from taxation and subject to the rental tax, the other business personal property is taxable and still must be reported to the county.
- Out of state heavy equipment rental businesses must still report their equipment to the county assessor.
- The assessor may not know which equipment at a job site is exempt and which is taxable, requiring researching ownership of the job site assets.
- The tax is based on where the store is located, not where the asset is located which is contrary to the current business personal property reporting.

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- Some taxing districts and counties will lose revenue and other districts will gain revenue because the rental tax is based on the location of the store.
- This bill sets up a complex process for administering the new "tax".
- Taxing districts would not be held harmless from the loss of ad valorem property tax because of the DOR administration fee.

In place of this new and complex tax, assessors suggest requiring the person or business renting the heavy equipment to notify the rental store by January 15, where the equipment was as of January 1. The rental store could also report the location as of January 1, using any GPS tracking devices located on the rental equipment.

Thank you for your consideration,



Mike Cowles

Lane County Assessor/Tax Collector