

**HB 2965 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 5/3

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**WHAT THE MEASURE DOES:**

Cancels outstanding, uncollectible, ad valorem property taxes and interest assessed on property transferred from federal government to port district, and on real property owned by port without working waterfront. Takes effect 91st day after sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

All property of the state, including ports, are exempt from property tax per ORS 307.090. However, Coos and Tillamook counties, both have a port with an outstanding property tax bill that has accrued to tens of thousands of dollars, including interest, and have thus far been uncollectible. A lien due to unpaid property taxes transfers with the property and becomes due if the owner is not exempt from property tax (ORS 311.410). The lien can reduce the sales price of the property.

The outstanding property tax bill for the Port of Coos Bay started with the imposed amount of \$4,500 in 1991, during the period in which the Citrus Dock was leased to the United States Coast Guard (USCG). Although the USCG was eligible for exemption in 1991, it first filed the application for exemption in 1993. This resulted in a tax liability unpaid by the USCG that was transferred to the Port at the conclusion of the lease. The USCG submitted an appeal approximately 22 years ago, but it was denied. In 2013, HB 2227 eliminated the requirement for a lessee, sublessee, or entity in possession of exempt property to file a claim for exemption with the county assessor. Coos County has indicated that ORS 311.785 prohibits them from waiving the outstanding property tax bill. The Port has not made any payments on this uncollectible amount.

Tillamook County has an outstanding property tax bill for property that was deeded to the port. No other counties are known to have a port with an outstanding property tax bill.