

HB 2965 STAFF MEASURE SUMMARY

Carrier: Sen. Smith DB

Senate Committee On Finance and Revenue

Action Date: 06/22/23

Action: Do pass.

Vote: 5-0-0-0

Yeas: 5 - Boquist, Findley, Golden, Jama, Meek

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Beau Olen, Economist

Meeting Dates: 6/22

WHAT THE MEASURE DOES:

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

ISSUES DISCUSSED:

- Unpaid, uncollectible property tax bill from third party
- Inability to transact property with an outstanding property tax bill
- Land for development or lease
- Former tenants passed away for relevant property in Port of Tillamook Bay
- U.S. Coast Guard did not pay property tax bill for International Port of Coos Bay
- Bill tailored for specific properties (International Port of Coos Bay and Port of Tillamook Bay)

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

All public property, including property owned by ports, is exempt from property tax (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 will transfer 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, the application for exemption was filed in 1993. This resulted in unpaid tax and interest that was transferred to the Port at the conclusion of the lease. An appeal submitted by the USCG approximately 22 years ago was denied. 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. Legislation 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, but the legislation was not retroactive and therefore did not solve the outstanding property tax bill for the Port of Coos Bay.

Tillamook County has an outstanding property tax bill for property that was deeded to the port.

An identical bill (2781-A) passed the House in the 2021 Legislative Session.