

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as (if applicable)
Policy Session Worksheet

Presentation Date: **Approx. Start Time:** **Approx. Length:** 30 minutes

Presentation Title: HB 2247 and HB 5006

Department: Assessment & Taxation

Presenters: Tami Little, Assessor; Bronson Rueda, Deputy Assessor

Other Invitees: Stephen Madkour and Kathleen Rastetter

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Review recent legislation information and decide whether to proceed with a resolution.

EXECUTIVE SUMMARY:

During the 2021 legislative session, three bills were passed that require board review. Those bills are SB 464, HB 2247, and SB 5006. SB 464 was already discussed during a board issues meeting on October 26, 2021. For today's session, the bills for your consideration are HB 2247 and HB 5006.

1. HB 2247 – Authorizes a county governing body to adopt an ordinance or resolution to waive interest charges on unpaid or late property tax payments, but only for, (1) the property tax year beginning July 1, 2020; (2) interest imposed with respect to ad valorem property taxes for a taxpayer's business, provided there were no uncontested delinquent property taxes outstanding as of February 15, 2020; and (3) delinquencies that are substantially due to the effects of the COVID-19 pandemic or the 2020 Oregon fire season. HB 2247 is attached at the end of this document.

2. HB 5006 – This is a 79 page Budget Report and Measure Summary that includes many legislative items. The applicable item for this paper starts on page 39, Department of Revenue section, paragraph two, which states,

“A one-time General Fund appropriation of \$23.2 million was approved for the Department of Revenue to make grants to counties for the reimbursement of lost tax revenue related to the 2020 wildfires. Distribution of these funds will be limited to counties included in Executive Order 20-60 that were impacted by the 2020 wildfires and that can demonstrate losses due to the September 2020 wildfires in property tax years beginning on or after July 1, 2020. For 2020-21, the following estimated amounts of lost tax revenues will be provided to the following counties:

- *Lincoln: \$208,178*
- *Marion: \$715,634*
- *Clackamas: \$116,831*
- *Lane: \$579,208*

- Linn: \$72,226
- Douglas: \$65,060
- Jackson: \$2,829,073
- Klamath: \$228,162

Prior to disbursement of funds by the Department, each county must apply by December 1, 2021, and annually thereafter. Applications must include a copy of a county ordinance or resolution authorizing the request and a sworn statement that the amount represents estimated revenue lost in that property tax year due to the September 2020 wildfires. The Department will review applications and distribute funds as requested by December 31st and each year thereafter. The Department is authorized to establish rules for the purposes of these distributions.”

On October 11, 2021, the Department of Revenue (DOR) issued HB 5006 guidance to the impacted counties (the guidance is attached at the end of this document). The guidance outlines steps for counties to take, in order to receive the grant money. The steps include drafting a resolution with the amount requested, instructions on how to calculate each counties grant amount, a requirement for each county to describe how the grant money will be distributed, and a commitment for each county to provide a follow up report. The DOR will disburse the entire approved grant amount by December 21, 2021.

Based on the DOR guidance, Clackamas County will receive \$562,997 for all four tax years in one lump sum. Note, during the 2021 session, the impacted counties worked with legislators to craft this bill and determine the reimbursements. The reimbursement amounts cannot be changed. The HB 5006 guidance from the Department of Revenue is attached at the end of this document.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$0

What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals? N/A
- How does this item align with the County’s Performance Clackamas goals? N/A

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

For HB 5006, the Department of Revenue issued a document providing guidance to the impacted counties.

OPTIONS:

HB 2247

Option 1 - Adopt a resolution to waive property tax interest within the guidelines of the house bill.

Pro –

1. Qualifying property owners will get property tax interest relief.

Cons –

1. May be difficult to put sideboards on the qualification aspect of this bill.
2. May be difficult to audit an application for accuracy.
3. A&T resources administering this bill are further strained.

Option 2 – Maintain status quo.

Pros -

1. Maintains equity of interest payments to all taxpayers.

Cons – None

HB 5006

Option 1 – Adopt a county Resolution and submit to the Department of Revenue, per their guidance, by December 1, 2021.

Pros –

1. All Clackamas County taxing districts, will be eligible to receive the allocated funds per HB 5006.
2. Gives the board the opportunity to assist affected taxing districts impacted by lost revenue and loss of value from the tax roll due to 2020 wildfires.

Cons – None

Option 2 – Maintain status quo

Pros – None

Con –

1. Clackamas County will not be eligible to receive the allocated funds per HB 5006.

RECOMMENDATION:

HB 2247 – The Assessors Office remains neutral and is available to answer any additional questions to assist the board in making its determination.

HB 5006 – Adopt a county Resolution and submit to the Department of Revenue, per their guidance, by December 1, 2021. It's prudent we follow the guidance to ensure we get the funds earmarked for Clackamas County.

A decision is also needed for distribution. Our recommendation is twofold. For the first year's distribution amount (\$116,831), distribute the money to all taxing districts in the county using the uniform distribution schedule. Distribute the balance (\$446,166) only to the impacted districts.

ATTACHMENTS:

1. HB 2247 Enrolled
2. HB 5006 guidance from the Department of Revenue

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

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| For information on this issue or copies of attachments, please contact _____ @ 503- _____ |
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Enrolled
House Bill 2247

Sponsored by Representative BOSHART DAVIS; Representatives BONHAM, CATE, DRAZAN, EVANS, HAYDEN, LEIF, LEVY, LEWIS, MOORE-GREEN, MORGAN, NEARMAN, NOBLE, OWENS, RESCHKE, SMITH DB, STARK, WALLAN, ZIKA (Presession filed.)

CHAPTER

AN ACT

Relating to the waiver of property tax charges; and prescribing an effective date.

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

SECTION 1. (1) The governing body of a county may adopt an ordinance or resolution pursuant to which the interest imposed under ORS 311.505 (2) on amounts not paid when due may be waived.

(2) An ordinance or resolution adopted pursuant to this section shall apply only:

(a) For the property tax year beginning on July 1, 2020;

(b) To interest imposed with respect to ad valorem property taxes imposed on real property used in a taxpayer’s business;

(c) To the real property used in the taxpayer’s business, provided there were no uncontested delinquent property taxes on the property outstanding as of February 15, 2020; and

(d) To delinquencies that are substantially due to the effects of the COVID-19 pandemic or the 2020 Oregon fire season.

(3) For purposes of this section, a property tax delinquency is substantially due to the effects of the COVID-19 pandemic or the 2020 Oregon fire season if:

(a) The business conducted on the real property was at any time subject to shutdown orders related to the declaration of a state of emergency issued by the Governor on March 8, 2020, and any extension of the declaration;

(b) At least 25 percent of the lease income owed to the taxpayer under contract for the real property is in arrears;

(c) The business revenue attributable to the use of the property for any quarter of calendar year 2020 is at least 25 percent less than the business revenue attributable to the use of the real property for the same quarter of calendar year 2019; or

(d) The real market value of the real property has been reduced due to wildfire, if the governing body of the county has determined that the county in which the real property is located was impacted by the 2020 Oregon fire season.

(4)(a) Within 90 days following the effective date of an ordinance or resolution adopted pursuant to this section, the governing body of the county shall, upon application of a taxpayer, determine whether to waive the interest imposed with respect to the taxpayer’s property.

(b) If the governing body’s determination under this subsection is positive, the interest shall be waived upon payment of the property taxes eligible for the waiver.

(c) A governing body's negative determination under this subsection may be appealed in a hearing process set forth in the ordinance or resolution adopted pursuant to this section.

(5) Not later than June 30, 2022, the governing body of a county that adopts an ordinance or resolution pursuant to this section shall provide to the Legislative Revenue Officer a report that includes, at a minimum, findings and a statement of the financial impact of the waiver of interest on the county.

SECTION 2. Section 1 of this 2021 Act applies to interest that became due or would otherwise become due before, on or after the effective date of this 2021 Act.

SECTION 3. Section 1 of this 2021 Act is repealed on January 2, 2023.

SECTION 4. This 2021 Act takes effect on the 91st day after the date on which the 2021 regular session of the Eighty-first Legislative Assembly adjourns sine die.

Passed by House May 26, 2021

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate June 21, 2021

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2021

Approved:

.....M,....., 2021

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2021

.....
Shemia Fagan, Secretary of State



Oregon

Kate Brown, Governor

Department of Revenue
955 Center St NE
Salem, OR 97301-2555
www.oregon.gov/dor

October 11, 2021

Dear county commissioners, executive officers, finance officers, and assessors:

In its 2021 Regular Session, the Oregon State Legislature adopted [House Bill 5006](#), appropriating \$23,200,000 to the Department of Revenue “for grants to counties for the reimbursement of lost tax revenue related to the 2020 wildfires.” We invite your county to submit a request for this grant.

Please email your request by December 1, 2021, to the department at finance.taxation@dor.oregon.gov. Please attach to the email a copy of your county’s resolution authorizing the request. The resolution must include the following elements.

1. The amount of the request. The amount should be determined by the following method. Please see the bottom of page 39 of the [Budget Report for House Bill 5006](#). There you will find an “estimated amount of lost tax revenue” for your county for 2020-21. Please compare that amount to the total of \$4,814,372 for 2020-21 to derive a percentage. Then apply that percentage to the total \$23,200,000 to determine the total request amount for your county.
2. A description of how your county chooses to distribute the grant amount to tax districts within your county.
3. A commitment to provide a report to the department, upon completion of the distribution of the funds, of the amounts distributed to each of the entities.

Upon receiving your email and request, the Department of Revenue will disburse the entire approved grant amount by December 31, 2021. We will contact your financial officer to request an ACH (Automated Clearing House) number for distributing the funds.

Please contact Phil McClellan at 503-586-8128 or finance.taxation@dor.oregon.gov with any questions about this process.

Sincerely,

Bram Ekstrand, Administrator
Property Tax Division

