

HB 2331 Background and Concerns

Central assessment has been a part of the Oregon property tax system since 1909. The main difference in the treatment of centrally assessed companies is that they pay taxes on their intangible property; this includes their brand, intellectual property, and so on. For better or worse local governments are highly dependent on revenue provided by central assessment, there was over \$28B in assessed value on the 2020 roll as reported by the Oregon Department of Revenue, almost \$6.8B of this was attributed to communications companies.

Your local governments urge caution on any changes to the central assessment of communication companies. ORS 308.505 (2) defines communications as “telephone communication and data transmission services by whatever means provided.” This area of law has been heavily litigated, and the Oregon Supreme Court clarified in their 2014 *Comcast* decision that data transmission services means “the service of transmitting coded electronic information between computer and computer-like devices.” 356 Or 282 (2014), page 329

Comcast was originally pulled into central assessment in 2009 because their competitors argued it was discriminatory to not centrally assess Comcast. During the course of the Comcast litigation the company likewise argued it would be discriminatory not to centrally assess over-the-air broadcasters. Local governments have not taken a position on this legal issue, but presumably the Department of Revenue agrees with Comcast as they have signaled their intention to centrally assess these companies.

The Oregon property tax system is broken, constitutional limits in Measures 5 and 50 prevent local residents from making meaningful decisions on how to fund local priorities. Your local governments have not asked to expand the list of companies subject to central assessment but are concerned about any changes that would weaken the central assessment program, potentially lead to removing existing companies from the central assessment roll, or prevent future companies using new technologies from being centrally assessed. To that end, we would support the amendment [described in testimony](#) submitted by the Department of Revenue.

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