

## HB 4141 -1 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 2/8

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#### **WHAT THE MEASURE DOES:**

Decreases the rate of interest charged on delinquent property taxes from 1.33 percent per month to 1.33 percent per year.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-1 Decreases the rate of interest charged on delinquent property taxes from 1.33 percent per month to the current United States prime lending rate plus 1.33 percent per year or fraction of a year.

#### **BACKGROUND:**

Each year by October 25, the county tax collector sends out property tax statements (i.e., bills). Taxes can be paid in one lump sum or in three equal installments. Interest begins accruing on each one-third payment on the day after the due date. Due dates are:

- November 15 - First one-third payment
- February 15 - Second one-third payment
- May 15 - Final one-third payment

A three percent discount is given if all taxes are paid by November 15. A two percent discount is given if two-thirds of taxes are paid by November 15. To get a discount on the current year's tax bill, all delinquent taxes, penalty, and interest must first be paid in full. Taxes on both real and personal property become a lien on July 1.

Funding for property assessment and taxation (A&T) comes from document recording fees and interest on delinquent property taxes. Each of Oregon's 36 counties has its own County Assessment and Taxation Fund (CATF) into which revenue from those sources is continually deposited. Those funds are then deposited quarterly into the statewide County Assessment Function Funding Assistance (CAFFA) fund. Up to 10% of those funds are held back for Department of Revenue A&T functions. The remainder are then distributed to counties based on estimates of need.