

House Bill 3358

Sponsored by Representative BOICE, Senator SMITH DB

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would have a county at high risk of financial distress hold back three percent of property taxes to be used to fund the work of the county assessor. (Flesch Readability Score: 60.7).

Authorizes a county tax collector to withhold from property tax distributions to taxing districts within the county an amount equal to three percent of the distributions. Applies during any period in which the county is listed in an audit report of the Secretary of State as being at high risk of financial distress. Requires the county to use the withheld amounts to fund the office of the county assessor.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to county property tax collection; creating new provisions; amending ORS 311.390 and
3 311.395; and prescribing an effective date.

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

5 **SECTION 1. (1) This section applies to any county during the period in which the county**
6 **is listed in an audit report of the financial condition of counties issued by the Secretary of**
7 **State as being at high risk of financial distress.**

8 **(2) The tax collector of a county described in subsection (1) of this section shall withhold**
9 **from property tax distributions made to taxing districts under ORS 311.395 an amount equal**
10 **to three percent of such distributions.**

11 **(3) Amounts withheld by a county under this section shall be deposited in the general**
12 **fund of the county and may be used solely to fund the office of the county assessor.**

13 **(4) If a county described in subsection (1) of this section is not listed in a subsequent**
14 **audit report, the county shall cease to withhold amounts under subsection (2) of this section**
15 **beginning with the first distributions made under ORS 311.395 after publication of the sub-**
16 **sequent audit report.**

17 **SECTION 2. Section 1 of this 2025 Act applies to property tax distributions made on or**
18 **after July 1, 2025, of amounts of property tax moneys collected for property tax years be-**
19 **ginning on or after July 1, 2025.**

20 **SECTION 3. ORS 311.390 is amended to read:**

21 311.390. (1)(a) When the tax collector receives the assessor's certificate pursuant to ORS 311.115,
22 the tax collector shall prepare and file with the county treasurer a percentage schedule of the ratio
23 of taxes on property, as defined in ORS 310.140, and other amounts to be collected, after reductions
24 necessary to comply with **Article XI**, section 11b, [*Article XI*] of the Oregon Constitution, after
25 making adjustments in accordance with ORS 311.105 (1)(c), for each governmental unit as shown in
26 such certificate, compared to the total of each of those amounts.

(b) If a tax supervising and conservation commission has submitted to the tax collector a list

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 of municipal corporations subject to proration and the amounts prorated under ORS 294.632, before
 2 the tax collector calculates the ratio of taxes on property under this subsection, the tax collector
 3 shall deduct the amounts submitted by the tax supervising and conservation commission from the
 4 amounts scheduled for distribution under this section for municipal corporations subject to the ju-
 5 risdiction of the tax supervising and conservation commission. The amount deducted from the dis-
 6 tribution to the municipal corporations shall be added to the amount distributed to the county.

7 (c) The schedule shall be approved by the county accountant, if one exists in the county, or by
 8 the county clerk before filing. Except as provided in subsections (2) and (3) of this section, the dis-
 9 tribution of collections by the tax collector shall be made on the basis of the ratios computed pur-
 10 suant to this section. The ratios computed pursuant to this section for a given fiscal year shall be
 11 used for the distribution of all taxes on property or penalties that have been imposed, collected and
 12 received for that fiscal year, regardless of the actual date of receipt, except for moneys retained by
 13 a county to pay bankruptcy costs under ORS 311.484 **and amounts withheld by a tax collector**
 14 **under section 1 of this 2025 Act.** Interest earned on moneys in the unsegregated tax collections
 15 account shall be distributed according to the ratio applicable to the year in which the moneys are
 16 distributed.

17 (2) If, after the ratios are computed pursuant to this section, the amount of a levy or other tax
 18 on property is changed, or a levy or other tax on property is filed with the assessor pursuant to
 19 ORS 310.060 that had not been included in the tax distribution schedule for that year, the tax col-
 20 lector shall revise the percentages provided in subsection (1) of this section to reflect the corrected
 21 or added levy or tax and shall adjust the amounts previously distributed and to be distributed
 22 thereafter to reflect the revision in percentages.

23 (3) If, in the opinion of the tax collector, it is not feasible to make the revisions described in
 24 subsection (2) of this section, the tax collector shall treat the amount of the change in levy or tax
 25 or the additional levy or tax as a separate tax collection and segregate the moneys collected for the
 26 particular district or districts in the periodic statement of tax collections given to the county
 27 treasurer pursuant to ORS 311.395.

28 (4) If the percentage schedule is revised, a copy shall be filed with the county treasurer after
 29 approval by the county accountant, if one exists in the county, or by the county clerk.

30 (5) If, after the ratios are computed under this section, a levy or tax is changed or a levy or tax
 31 is filed with the assessor pursuant to ORS 310.060, that was not included in the tax distribution
 32 schedule for that year, future distributions of interest shall be based on the revised percentages that
 33 reflect the corrected or added levy or tax. No adjustments shall be made for previously distributed
 34 interest.

35 **SECTION 4.** ORS 311.395 is amended to read:

36 311.395. (1) The tax collector shall make statements of the exact amounts of property tax moneys
 37 in cash and warrants collected as follows:

38 (a) For the period beginning on the first Monday following the last Friday in October through
 39 the last Friday in November, the tax collector shall make weekly statements of those taxes that are
 40 collected for the current tax year.

41 (b) For the period beginning the first Monday following the last Friday of November through the
 42 last Friday of October of the ensuing year, the tax collector shall make quarterly statements of
 43 those taxes that are collected for the current tax year.

44 (c) The tax collector shall make quarterly statements of taxes collected for prior years.

45 (d) Notwithstanding paragraph (b) or (c) of this subsection, if the balance in the unsegregated

1 tax collection account as of the close of any month for any tax year (the current tax year or any
 2 prior tax year) exceeds \$10,000 or if requested by any taxing district, and if weekly statements are
 3 not required, then the tax collector shall make a statement for the period since the last statement
 4 for the tax year.

5 (e) If the processing of tax payments for the current tax year received or postmarked on or be-
 6 fore the November 15 due date (or if the due date is extended under ORS 311.507, the due date
 7 pursuant to the extension) is not substantially completed as of the last Friday in November, the tax
 8 collector shall continue to make weekly statements until the end of a week when the processing is
 9 substantially completed.

10 (2)(a) Each statement shall be of taxes collected during the weekly, monthly, quarterly or other
 11 period for which the statement is required.

12 (b) The statements prepared under subsection (1) of this section shall specify the tax years for
 13 which the payments of taxes were made.

14 (c) A copy of each statement shall be filed with the county clerk and a copy shall be filed with
 15 the county treasurer no later than the fifth business day after the last business day of the period
 16 for which the statement is prepared. A copy of each statement shall be retained in the office of the
 17 tax collector.

18 (3) For the purposes of this section, property tax moneys are collected when:

19 (a) Payment is made in person at the office of the tax collector;

20 (b) The tax collector receives tax moneys or notice of tax moneys collected by a financial in-
 21 stitution or other collection agency;

22 (c) The tax collector receives payment or notice of payment of tax moneys by the state; or

23 (d) The tax collector has posted a payment that arrived by mail in the county mail receptacle.

24 (4) Each statement required under subsections (1) and (2) of this section shall separately state
 25 the amount deposited into the property tax bankruptcy account under ORS 311.484, **and amounts**
 26 **withheld under section 1 of this 2025 Act**, for the period covered by the statement.

27 (5) The statements required under subsections (1) and (2) of this section may be made more often
 28 and for shorter periods if the tax collector so desires but one of the statements so filed shall cover
 29 a period coinciding with the last business day of the particular calendar month or quarter during
 30 the period.

31 (6) The county treasurer shall credit the total amount of moneys set out in the statements pre-
 32 pared under subsections (1) and (2) of this section, except for the amount deposited into the property
 33 tax bankruptcy account under ORS 311.484 **and amounts withheld under section 1 of this 2025**
 34 **Act**, to the several funds for which the moneys were respectively received in accordance with the
 35 schedule provided in ORS 311.390. The county treasurer shall keep the moneys and warrants re-
 36 ceived from the tax collector in their respective funds.

37 (7) Within five business days of receiving a statement required by subsection (1) or (2) of this
 38 section, the county treasurer shall distribute the amount of money set out in the statement, except
 39 for the amount deposited into the property tax bankruptcy account under ORS 311.484 **and amounts**
 40 **withheld under section 1 of this 2025 Act**, to the several taxing units according to the ratios
 41 provided in ORS 311.390. The county treasurer shall distribute interest earned on moneys in the
 42 unsegregated tax collections account at least as often as the treasurer receives a statement from
 43 the tax collector under subsection (1)(b) or (d) of this section. When statements are received under
 44 subsection (1)(a) of this section, the county treasurer shall distribute interest at least once a calen-
 45 dar month.

1 **SECTION 5.** This 2025 Act takes effect on the 91st day after the date on which the 2025
2 regular session of the Eighty-third Legislative Assembly adjourns sine die.
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