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State researcher

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**To:** <jworlein@mindspring.com>  
**Sent:** Wednesday, May 04, 2005 10:30 AM  
**Subject:** Clerical Error Assessment

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Mr. Worlein,

I have done some research regarding your question about payment options for a clerical error assessment of property taxes. While there are no statutory provisions that allow for a negotiated settlement of the amount due or for a reduction in the accrual of delinquent interest, it may be helpful for you to have knowledge of the tax collection timeline and procedures.

You did not indicate when you first received your notice regarding the additional assessment due to the clerical error. I will assume you received it sometime after July 1, 2004. If you received it before that date then everything backs up one year.

Assuming you received the notice in the 2004-05 tax year, the county can not bill you for the additional tax until the 2005-06 tax year. The tax would be included on your tax statement in October, 2005 and an initial payment of 1/3 of the tax is required to be by November 15, 2005 to forestall the accrual of delinquent interest. This gives you from the time you received the original notice until November 15th to make payments and reduce the balance, interest free. You would then have until February 15, 2006 to pay the next 1/3 of the tax to continue to forestall the any interest. The final 1/3 could be paid anytime before May 15, 2006 without accruing interest.

If you are unable to meet the payment due dates outlined above, then interest begins to accrue at the rate of one and one third percent per month or fraction of a month until paid. This equates to an annual percentage rate of 16%. For the next three years no other fees, penalties or actions (except perhaps for periodic billings) will be taken in regard to collection of the tax. Thus you would have until November 15, 2008 to pay off the additional tax, plus interest. Or if you paid 1/3 of the tax by November 15, 2005 then you would have until February 15, 2009 to pay the remainder plus interest. Similarly if you had paid 2/3 of the tax by February 15, 2006 you would have until May 15, 2009 to pay the remainder plus interest. If you had not paid off the additional tax by that date then your property would be placed in foreclosure. Even after the property is placed in foreclosure you would have two more years to pay off the amount and get your property out of foreclosure. However then there would be additional penalties and fees, and you would be required to satisfy the bill with one lump sum payment rather than periodic installments.

Some counties have provided guidance to taxpayers as to how much they would have to pay monthly to pay off all of the tax due plus interest by a specific date. While such a "payment plan" does not actually relieve the taxpayer of any of the tax or delinquent interest, nor forestall the progress of the collection timeline, but it does provide for a manageable solution to the problem. You may ask your county assessor if they would go through the calculations for you. Alternatively you may just start making monthly payments as you can afford them and determine if you are making sufficient progress on the tax due. Note that after the interest starts to accrue, any payment you make will be applied to interest first until it is paid up to date and then will be applied to the initial tax due.

I sympathize with your situation. It seems unfair to be forced to come up with a large unexpected payment when you believed you had paid all the taxes due. However the Legislature only provided for the relief described above. This recognizes that you received, albeit unknowingly, a benefit of lower taxes for the last five years. They are willing to allow you that benefit interest free as long as you pay off the additional tax as explained above.

I hope this information is useful. Please let me know if you have any more questions or concerns.

1/19/06

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