



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(revised 08/02/10)

Board Clerk Use Only

Meeting Date: 9/2/2010

Agenda Item #: R-10

Est. Start Time: 10:40 am

Agenda Title: ORDER Directing Chief Financial Officer to Create Comcast Tax Appeal
Title: Reserve Account Under ORS 311.814

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	<u>09/02/2010</u>	Amount of Time Needed:	<u>10 Minutes</u>
Department:	<u>County Management</u>	Division:	<u>Assessment, Recording and Taxation</u>
Contact(s):	<u>Randy Walruff</u>		
Phone:	<u>503-988-3326</u>	Ext.:	<u>24068</u>
Presenter Name(s) & Title(s):	<u>Randy Walruff, Division Director</u>		
I/O Address:	<u>503/1</u>		

General Information

1. What action are you requesting from the Board?

An order establishing a reserve account to partially fund a potential refund in the Tax Court appeal, Comcast Corporation vs Department of Revenue, State of Oregon.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Multnomah County has been notified by the Oregon Department of Revenue (DOR) that Comcast Corporation appealed their 2009/2010 property value. The potential tax refund is approximately \$4,119,000 plus 1% interest per month. There is the potential this appeal could impact multiple tax years before final resolution. Oregon law (ORS 311.814) allows the county governing body to establish an interest bearing reserve account for large appeals, and maintain it until the appeal is resolved. A reserve account would partially fund a refund if Comcast were to prevail in the litigation. If no reserve account were established, a tax refund covering several years, plus 1% per month interest, would be required to be paid in a single lump sum payment. That would result in a significant unbudgeted reduction in revenue. If the DOR prevails in the appeal, the reserve fund, including interest earnings, would be distributed to the taxing districts.

3. Explain the fiscal impact (current year and ongoing).

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The potential estimated annual tax refund is \$4,119,000 plus interest at 1% per month. At December, 2010, the refund and interest would be 0.39% of the tax revenues to the tax districts. Appeals of this magnitude can take several years to work their way through the Tax Court. The intent of the reserve account is to mitigate the impact of any refund that may result from the appeal. Exhibit A, attached, illustrates the potential refund through 12/2016 if a reserve account is established and if one is not. As it demonstrates, if a reserve account is not established, the potential refund should the appeal not be resolved until 2016 is \$42,961,170; a 3.6% unbudgeted reduction in tax revenue to the districts. Exhibit B shows the impact to the individual taxing districts.

4. Explain any legal and/or policy issues involved.

ORS 311.814 allows for the creation of an interest bearing reserve account, if ordered by the county governing body, in cases where the difference between the value asserted by the taxpayer and the value asserted by the opposing party exceeds one-fourth of one percent (.25%) of the total assessed value in the county. (In Multnomah County the value difference for this appeal accounted for .45% of the total assessed value.) The DOR shall notify the county treasurer prior to October 15 if the appeal is not resolved. The county treasurer, if ordered by the county governing body, shall set up the reserve account from taxes collected in the current year for the disputed value amount, and for each tax year that the appeal remains unresolved. The statute does not allow the county to set aside an amount to fund interest that will accrue on the potential refund. The reserve fund for this appeal will account for the disputed tax amount, but interest will continue to accrue until the appeal is resolved. (See Exhibit A)

5. Explain any citizen and/or other government participation that has or will take place.

A notification was sent on July 7, 2010 to the Multnomah County taxing districts advising them of the Comcast appeal and its potential tax impacts. We asked for their feedback regarding establishment of the reserve fund and invited them to attend a meeting on July 29, 2010 in the Multnomah Building Board Room. At the meeting we discussed the background of the appeal, the potential impacts to their districts and opened the floor for a question and answer session. The opinion of the districts has been overwhelmingly in favor of the establishment of the reserve fund.

Required Signature

**Elected Official or
Department/
Agency Director:**

Mindy Harris

Date: 8/12/10

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