

June 9, 2022

To: Deschutes County Board of County Commissioners

From: Wayne Lowry, Deschutes County Tax Collector  
Judi Hasse, Deschutes County Deputy Tax Collector  
David Doyle, Deschutes County Legal Counsel

RE: Request for Order to Cancel Uncollectible Personal Property Taxes

Your approval is requested to cancel \$35,267.45 in personal property taxes. On a percentage basis, the \$35,267.45 represents 0.30 % (.0030) of the personal and manufactured structure taxes levied in the 2021-22 tax year (\$10,193,499.71 and \$1,426,057.22 respectively).

A summary of prior cancellations by tax year is as follows:

2003-04	\$ 29,291.00
2004-05	26,537.00
2006-07	49,553.67
2008-09	86,903.57
2009-10	49,139.64
2010-11	37,277.91
2011-12	51,958.84
2012-13	136,431.43
2013-14	37,141.65
2014-15	40,121.07
2015-16	14,615.17
2016-17	58,599.65
2017-18	17,931.84
2018-19	31,828.95
2020-21	33,295.83

The \$35,267.45 consists of: 1) Four uncollected manufactured structure accounts totaling taxes of \$2,734.19 and 2) Twenty-one uncollectible personal property accounts totaling \$32,533.26. Categorically, the items being cancelled are as follows:

1. Manufactured Structures:	
a) Abandoned under ORS 90.675 (3 accounts)	\$ 2,446.42
b) Removed without our knowledge (1 account)	<u>287.77</u>
	\$ 2,734.19

2. Personal Property:	
a) Previous Bankruptcies (6 accounts)	\$ 13,330.42
b) Business failures (15 accounts)	<u>19,202.84</u>
	\$ 32,533.26
<b>TOTAL</b> (25 accounts)	<u>\$35,267.45</u>

Pursuant to Oregon law, David Doyle, Legal Counsel, has reviewed the amounts to be cancelled and agrees that these accounts are not collectible.

The Tax Department staff has used a reasonable and consistent level of collection effort to try to collect the taxes while minimizing the collection costs and negative relations with the taxpayer. Abandoned manufactured structures are governed by certain laws and statutes that provide for the cancellation of taxes. Bankruptcies are pursued to the extent permitted by U.S. bankruptcy law.

Oregon law requires that a final personal property return be filed to terminate the taxation of business property. This frequently does not occur, resulting in the continued assessment and taxation of property that is no longer being used in a business and may no longer exist. A portion of the taxes included under dissolved corporations and business failures (item 2a & 2b above) relate to taxes imposed on non-existent businesses and/or assets.

We have continued the practice of garnishing wages and checking accounts where possible. We also continue to attach personal property tax accounts to real property accounts. We have in the past collected personal accounts where the business owner's personal residence is being foreclosed upon by their lender. Lenders tend to pay the taxes promptly in order to extinguish our priority lien.