

February 3, 2005

To: Senator Jim Elliott

From: Madalyn Quinlan, OPI
Gene Walborn, DOR

Subject: Senate Bill 271 – Proposed Process

Tax Year 1

Step 1: DOR conducts property assessment as of January 1 and completes the assessment by June 30

Step 2: Taxpayer has 30 days for an informal appeal after receiving assessment notice

Step 3: DOR certifies values and notifies school districts of their taxable valuations on the first Monday in August

Step 4: School districts set budgets on August 15

Step 5: County commissioners set mill levies on 4th Monday in August

Step 6: Centrally-assessed property taxpayers appeal to the Office of Dispute Resolution at DOR. DOR has 180 days to resolve

Step 7: Taxpayer pays taxes under protest in November. Protested taxes are deposited into a protested tax account

Step 8: School districts affected by tax protest receive less than anticipated from first-half distribution of property taxes in December.

Step 9: DOR provides OPI with final certified taxable valuations for current tax year on December 1

NEW Step 10: For any centrally-assessed taxpayer or taxpayer in classes 4 or 8 whose protested taxable valuation exceeds 10% of the district's total taxable valuation, DOR provides OPI with the valuation of the protested portion on December 15

Tax Year 2

NEW Step 11: OPI removes the protested portion from the district's final certified valuation for the purpose of calculating the district's GTB subsidy per mill for the ensuing school year

Step 12: OPI notifies each school district of its GTB subsidy per mill for the ensuing school year based on the state and district's taxable valuation for Tax Year 1.

Step 13: District sets BASE budget mill levy in Tax Year 2 using a) the (higher) GTB subsidy per mill determined by OPI under Step 11 and b) the preliminary taxable valuation for tax year 2 reduced by the protested portion from tax year 1.

Step 14: OPI distributes GTB subsidy in November and following May based on higher GTB subsidy per mill

Upon resolution of the tax protest:

NEW Step 15: OPI recalculates the district's GTB subsidy per mill (Step 11) based on the final certified taxable valuation of the school district for Tax Year 1.

NEW Step 16: OPI compares the amount of GTB paid to the district under Step 14 to the amount the district is eligible to receive using the revised GTB subsidy per mill (Step 15) multiplied times the number of mills the district levied in Tax Year 2.

NEW Step 17: DOR provides the county treasurer with a revised assessment. If the calculation in Step 16 indicates that the school district received more GTB in Tax Year 2 than it is eligible to receive based upon the resolution of the tax protest, the DOR will instruct the County Treasurer to remit the overpayment to the state from the protested tax fund.