

IN THE MAGISTRATE DIVISION
OF THE OREGON TAX COURT
Small Claims
Property Tax

THOMPSON CONSTRUCTION, INC.,)
)
 Plaintiff,) No. 010439E
)
 v.)
)
 MULTNOMAH COUNTY ASSESSOR,)
)
 Defendant.) **DECISION AND JUDGMENT**

Plaintiff appeals the 2000-01 real market value assigned to the personal property identified as Account No. P407173. A case management conference was held in the matter on May 22, 2001. Harry G. Thompson, plaintiff's Chairman, appeared on behalf of plaintiff (taxpayer). Dan Howard, Appraiser, appeared on behalf of defendant (the county). At the conclusion of the conference, both parties indicated they were prepared for the court to issue a ruling based on the materials and statements provided.

STATEMENT OF FACTS

On February 28, 2000, taxpayer filed a personal property tax return with the county reporting taxable personal property in the amount of \$125,450. Sometime after taxpayer filed this report and before July 1, 2000, taxpayer sold much of this reported property. Taxpayer contends the remaining property had a total value of no more than \$35,000. For the 2000-01 tax year, the county assigned the personal property a real market value of \$126,170.¹ Taxpayer filed this appeal claiming the value should be

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¹ Taxpayer's Complaint states it reported a value of \$125,450 on the return. The county assigned the property a real market value of \$126,170. No discussion occurred as to the reason for the difference.

reduced to \$35,000 to reflect the sale of the property occurring after January 1, 2000, and before July 1, 2000.

COURT'S ANALYSIS

ORS 308.105² provides that all personal property subject to taxation “shall be assessed for taxation each year at its situs as of the day and hour of assessment prescribed by law.” Under ORS 308.210(1), the county assessor is to maintain a record of all taxable property as of January 1 of the assessment year. This entails noting the property’s description and location on that date. The term “assessment year” is defined as a calendar year under ORS 308.007(1)(b). “Tax year” means the period beginning July 1 and ending June 30. ORS 308.007(1)(c). For reference, “[t]he assessment year beginning January 1 corresponds to the tax year beginning July 1 of the same calendar year[.]” ORS 308.007(2)(a). For example, in this case, taxpayer is appealing the value for the 2000-01 tax year, which runs from July 1, 2000, to June 30, 2001. The assessment year corresponding to this tax year is January 1, 2000, to December 31, 2000. Therefore, for the subject tax year, ORS 308.210(1) required the county assessor to compile a list of taxable property as the property existed on January 1, 2000.

With business personal property, through the process of additions and retirements, it is difficult for the county itself to manually account for the taxable property present each January 1. The legislature, therefore, imposed on persons and businesses with taxable personal property the responsibility of filing a personal property tax return by March 1 of each assessment year. See ORS 308.290(1), (3). For the

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2000-01 tax year, a taxpayer was required to file a return by March 1, 2000, reporting the

² All references to the Oregon Revised Statutes are to 1999.
DECISION AND JUDGMENT

taxable personal property within its possession or control on January 1, 2000.

In the fall of each year, the county assessor prepares an assessment roll describing the property subject to taxation for that year. This property is reported on the roll as and where it existed on the preceding January 1. Tax statements are issued accordingly by the collector's office to taxpayers by October 25 of each year.

In this case, the county placed on the 2000-01 roll a real market value of \$126,170 for the personal property. This value is intended to represent the value of the taxable personal property within taxpayer's control or possession on January 1, 2000. The fact that taxpayer subsequently sold much of the equipment does not translate into a reduction in the assigned value because the statute directs the county to value the property in place as of January 1. Similarly, if taxpayer had added \$100,000 worth of equipment after January 1, 2000, the increased value would **not** be reflected on the 2000-01 tax roll because it was not in place on January 1, 2000.

Mr. Thompson commented that if the county had actually done an inventory of the personal property on January 1, he would agree he was liable for the taxes on the property present. Because the county did not, he believes the property subsequently sold should not be taxed. The law, however, does not impose a mandatory requirement on the county to visually inspect all personal property on January 1. Such a requirement would, for obvious reasons, be unrealistic for the county to satisfy. The legislature chose, instead, to require taxpayers to file returns reporting the property they had in place as of January 1 and to file these reports with the county assessor. The county may then choose to rely upon these reports when preparing the annual

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assessment roll. If the county believes a return contains errors, it may audit the return and

make appropriate adjustments.

It is understandable how taxpayer may be confused as to why it is paying taxes for the 2000-01 tax year on property it sold prior to July 1, 2000. However, the legislature has developed a system where, for each tax year, the taxable personal property is given a "snapshot" as of the previous January 1 and the property is taxed according to this picture. If taxpayer believes the system is unfair, it must seek a legislative remedy. Now, therefore;

IT IS HEREBY ADJUDGED AND DECREED that taxpayer's appeal is denied.

Dated this _____ day of May, 2001.

COYREEN R. WEIDNER
MAGISTRATE

**THIS DOCUMENT WAS SIGNED BY MAGISTRATE COYREEN R. WEIDNER ON
JUNE 1, 2001. THE COURT FILED THIS DOCUMENT ON JUNE 1, 2001.**