

Proration of Tax for Fire or Act of God



In Oregon, the tax year runs from July 1 through June 30 of the subsequent calendar year. Taxes on property that has experienced a casualty loss due to either an act of God or a fire during the tax year may be eligible for reduction. The reduction is referred to as a "proration of tax" and is computed by the county tax collector. The information in this circular will provide a general explanation of the occurrences that qualify for a proration of tax, where you may obtain an application for proration and where you file it, the deadlines for filing the application, a description of what adjustments are made to a qualifying account, and finally, how to appeal a decision if you disagree with the disposition of your application.

What is a qualifying occurrence?

In the event any real or personal property is damaged or destroyed by an act of God or by fire, the property is eligible for a proration of the taxes. An act of God is generally considered an act attributable to nature without human interference. For example, damage from a tornado or a lightning strike would be considered an act of God. Damage would not be considered an act of God if it is caused by the property owner. Any fire, whether caused by an act of God or not, makes the property eligible provided that the applicant has not been convicted of arson with regard to the property for which relief is sought. You would be eligible for relief if, for example, your house burns down as the result of an accident or if you ask the fire department to burn it down for practice.

Who may apply?

With real property, the owner or purchaser under a recorded instrument of sale is eligible to apply. The person assessed, person in possession, or owner of personal property is eligible to apply. All applications are made to the tax collector for a proration of taxes.

What is the deadline for submission of an application?

The law requires that the application be submitted to the county tax collector no later than **the end of the tax year in which the damage or destruction occurs** or 60 days after the date the property was damaged or destroyed, whichever is later. The end of the tax year is June 30. If your property is destroyed by strong winds on November 1, you must file an application for proration by the following June 30. If that same property had been destroyed on June 20, the application deadline would be 60 days later, or August 19.

Where do I get an application and with whom do I file it?

Applications are available at www.oregon.gov/DOR or at each county tax collector's office. In some counties, applications also may be available in the assessor's office. File your application with the county tax collector. The tax collector will consult with the assessment staff who will determine whether or not the property has been damaged or destroyed and how much value was lost.

How much loss in value is necessary for a proration of tax to be made?

Several factors may affect the answer to this question. First, there has to be a loss in taxable assessed value for a proration of tax to be calculated. For most accounts, the taxable assessed value is less than the real market value. If the damage or destruction causes the real market value of the property to dip below the taxable assessed value, then a proration of tax is calculated. For example, assume a home is totally destroyed by fire. It had a real market value of \$120,000 and an assessed value of \$100,000. The property was taxed based on \$100,000 assessed value and the account would receive a proration of tax on the \$100,000 loss in assessed value. The account

would not receive a proration of tax on the \$20,000 for which no taxes were computed in the first place.

If the loss in taxable assessed value generates a tax reduction of less than \$10.00, and the tax has been paid, Oregon Revised Statute (ORS) 311.806(5) says that a refund “shall not be required.”

The appropriate amount of tax will be canceled once the application has been processed. However, no refund will be issued unless there is an overpayment in the final tax owed.

How is the refund calculated?

The tax collector uses the value determination of the assessment staff as a basis for recalculating your tax.

- **Damaged property:** For damaged property, the percentage of assessed value lost is multiplied by the total tax on the account for the month the property was damaged and for each month the property remained damaged during the tax year. If you repair the property before the end of the tax year, no credit is allowed for months after the repair. The tax collector refunds taxes overpaid or credits taxes owing for that year.
- **Destroyed property:** For destroyed property, the percentage of value lost is multiplied by the total tax on the account for each month *following* the month of destruction through the end of the tax year whether or not the property is repaired. The tax collector refunds taxes overpaid or credits taxes owing for that year.

Is the value on the account reduced in the current tax year?

The value on the account for the tax year in which the damage or destruction occurred is not reduced. The law allows only a proration of the tax, not an adjustment to the value in the current tax year. The account value will always be the value of the account as of the assessment date for the tax year in which the taxes are being prorated. When the account is revalued on the assessment date following the occurrence, any loss in value will be noted and reflected on the next tax statement.

Is the impact of the damage or destruction ever reflected in the property’s value?

If the damage or destruction occurred between January 1 and July 1, you may elect to have the property assessed as of July 1. Normally, your property tax is based on the value of the property as of January 1. The tax year begins on July 1. If your property is damaged or destroyed between January 1 and July 1, you may apply to the county assessor to have the real market and assessed value of the property determined as of July 1, rather than January 1. You must apply by August 1, or the 60th day following the date of damage/destruction, whichever is later, to have the July 1 valuation date used. You have the option of requesting this date change when you file an application for the proration of property taxes. If you do not do so then, or if you did not file an application for proration of tax, you may still file a separate application to have a July 1 value determination date as long as you do it by the filing deadline.

If I disagree with the disposition of the application, can I appeal the decision?

A decision of the tax or assessment office is appealable to the Magistrate’s Division of the Oregon Tax Court. ORS 305.275 says, in part, that any person aggrieved by an act of the county assessor or tax collector may appeal to the tax court. Appeals must be filed within 90 days after the act or omission becomes actually known to the person, but in no event later than one year after the act or omission occurred.

Taxpayer assistance

General tax informationwww.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:
Salem 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):
Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.