



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

## Board Clerk Use Only

**Meeting Date:** 4-16-15  
**Agenda Item #:** R.1  
**Est. Start Time:** 9:30 am  
**Date Submitted:** 3/13/15

**Agenda Title:** **RESOLUTION Certifying an Estimate of Expenditures for Fiscal Year 2015-16 for Assessment & Taxation in Accordance with ORS 294.175**

*Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.*

## Requested

**Meeting Date:** April 16, 2015 **Time Needed:** 5 minutes

**Department:** County Management **Division:** Assessment, Recording and Taxation

**Contact(s):** Randy Walruff

**Phone:** 503-988-4668 **Ext.**  **I/O Address:** 503/1

## Presenter

**Name(s) &**

**Title(s):** Randy Walruff, Division Director

## General Information

### 1. What action are you requesting from the Board?

Approval of a county resolution, a County Assessment Function Funding Assistance (CAFFA) grant resolution, and certification of budgeted expenditures for FY2015-16 for Assessment & Taxation functions totaling \$19,566,695. The department recommends approval.

### 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.

The 1989 Legislative Assembly enacted House Bill (HB) 2338 (ORS 294.175) in response to statewide deterioration in the property tax system caused by a variety of factors, including a lack of local funding. The legislation established an annual grant program to help pay for assessment and taxation costs, to stem the deterioration and to maintain an adequate level of operation in the counties to ensure equity and uniformity in the assessment and taxation system. A portion of the money was also marked for the Department of Revenue (DOR) to administer the grant process and to appraise industrial and utility properties.

Funding for the grants comes from document recording fees (ORS 205.323) and a portion of the interest from delinquent property taxes (ORS 311.508). The county treasurer deposits these funds into the county's County Assessment and Taxation Fund (CATF) account, established pursuant to ORS 294.187. At the end of each fiscal quarter, the

county treasurer transfers moneys, including interest earned on the account, from the CATF to the state County Assessment Function Funding Assistance (CAFFA) account with the State Treasurer (ORS 294.184). The distribution of the grant funds from the state to the county's general fund occurs on the 28<sup>th</sup> day of the month following the end of the fiscal quarter.

To be eligible to receive CAFFA grant funds, each county must submit a grant application to the Oregon Department of Revenue (DOR) on or before May 1<sup>st</sup> of each year. The application includes an estimate of the county's Assessment & Taxation (A&T) expenditures, for direct and indirect costs associated with: Assessment Administration, Assessment Valuation, Clerk/Board of Property Tax Appeals (BoPTA), Tax Collection and Distribution, Cartography and GIS Administration, and Assessment & Taxation data processing. Allowable A&T expenditures include administration and support provided by Department of County Management Administration and Finance, Tax Supervising and Conservation Commission (TSCC), costs for management of tax foreclosed property (Tax Title) and efforts related to development of assessor maps in GIS format. The application also requests information concerning workload and staffing to conduct these activities. The estimated expenditures identify the resources necessary to maintain Assessment & Taxation adequacy minimums.

The DOR reviews each CAFFA grant application, and as provided in ORS 294.175, certifies each county to participate in the grant if its budget will provide the resources to adequately perform property assessment and taxation functions, to maintain system adequacy for equity and uniformity. If the county's proposed budget is not adequate, the department identifies the areas that must be improved. The county's share of the grant funds is withheld until these areas are addressed.

The DOR distributes grant funds to the counties through the County Assessment Function Funding Assistance (CAFFA) account. Each year the DOR looks at market conditions and forecasts the amount that will be deposited into the CAFFA account in the following fiscal year. By June 15 of each year, the DOR sends a letter to each county, providing an estimate of the amount that the county will receive. This amount is based on the county's proportional share of DOR-approved Assessment & Taxation budgets for all counties participating in the grant, and the forecast of CAFFA deposits. CAFFA grants fund approximately 25% of the annual assessment and taxation expenditures statewide.

On or before May 1, 2015 the county must file a completed grant application to be eligible to share in the dollars distributed from the CAFFA account for the fiscal year beginning July 1, 2015. The grant application must include the application forms, a signed and dated Grant Application Resolution, and a signed and dated County Resolution certifying an estimate of expenditures for Assessment and Taxation in accordance with ORS 294.175. For 2015-16, the grant application must also include a signed "*Racial and Ethnic Impact Statement*", which was mandated by the 2013 Oregon Legislature and must be included in all state grant applications. These documents attest to the County's assessment and taxation funding commitment.

The Grant Application Resolution serves to ensure the county governing body has reviewed and approved the county's assessment and taxation budget for the purpose of obtaining the state grant; obligates the county to appropriate the budgeted dollars based on 100% of the expenditures certified in the grant application; and attest to the county's compliance with a variety of laws requiring equity and uniformity in the property tax system.

By June 15, 2015 the DOR will certify to the county governing bodies that the certified expenditures are adequate and will inform Multnomah County of an estimate of the total County Assessment Function Funding Assistance Account (CAFFA) funds anticipated statewide for distribution during FY2015-16, and an estimate of the percentage share and CAFFA grant funds that Multnomah County may receive.

The following Program Offers are included the “Estimate of Expenditures for Assessment & Taxation” in accordance with ORS 294.175:

72023-16 DCM Div of Assessment, Recording & Taxation Administration  
72024-16 DCM DART Customer Service  
72025A-16 DCM DART County Clerk Functions (only for Board of Property Tax Appeals)  
72026-16 DCM DART Ownership  
72027-16 DCM DART Tax Revenue Management  
72028-16 DCM DART GIS /Cartography  
72029-16 DCM DART Assessment Performance Analysis  
72030-16 DCM DART Property Assessment Special Programs  
72031-16 DCM DART Personal Property Assessment  
72032-16 DCM DART Property Assessment Industrial  
72033-16 DCM DART Commercial Property Appraisal  
72034-16 DCM DART Residential Property Appraisal  
72037-16 DCM DART Applications Support  
72038-16 DCM DART Tax Title  
10006-16 Tax Supervising & Conservation Commission (TSCC)

72035A-15 DCM DART – Assessment & Taxation System Upgrade – only budgeted FY16 expenditures classified as operating expenses (software maintenance & support), and capitalized project expenses up to the limitations prescribed in ORS 294 and OAR 150-294.175(1)(c).

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

The total FY16 proposed budget expenditures presented for Board approval is \$19,566,695. This budget proposal represents the total estimated County expenditures in support of assessment and taxation functions, for consideration in the County’s CAFFA Grant application and resolution, plus allowable indirect expense. The FY16 proposed budget is at current service level and within the target allocation for the general fund programs included in the grant application.

The FY16 proposed budget for estimated County expenditures for assessment and taxation function includes: Direct Operating Expenditures of \$17,580,139, allowable indirect expenses of \$879,007, and allowable capital expenditures of \$1,107,549. FY16 Direct Operating Expenditures include \$13,380,187 in Personal Services, which includes anticipated step increases and COLA of 2.2 % for Local 88 represented staff, and allowable merit, COLA of 2.2 % and VEBA of 1% for non-represented staff.

The allowable Indirect Expense of \$879,007 is calculated as 5% of direct expenditures. While these costs are not directly budgeted in the DCM DART program offers as they reside in the General Fund, the calculated indirect expense is allowable to recover a portion of the County’s indirect costs. Capital expenditures of \$1,107,549 are attributable to those

A&T System Upgrade costs which may be capitalized, in accordance with GASB #51, and up to the limitations provided in statute. Per ORS Chapter 294 and OAR 150-294.175(1)(c), the capital outlay limitation is the greater of \$50,000 or six (6) % of the total of Direct and Indirect expenditures.

Multnomah County's share of the FY 2015-16 CAFFA grant is projected to be \$3,536,250, which reflects an increase of \$86K as compared to FY15 budgeted CAFFA.

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

**ORS 294.175** requires the Board of Commissioners to approve and certify the Assessment & Taxation estimate of expenditures by May 1st for eligibility in the grant funding pool.

**OAR 150-294.175(2)** defines certification of compliance and plans to achieve adequacy of expenditures to comply with the requirements of state laws requiring equality and uniformity in the system of property taxation.

(1) On or before May 1 of each year, each county will file with the Department of Revenue an estimate of expenditures as required by ORS 294.175. The Department of Revenue will determine the adequacy of each county's estimates of expenditures to comply with the requirements of ORS 308.027, 308.232, 308.234, ORS Ch. 309 and other laws requiring equality and uniformity in the system of property taxation. For any county whose proposed expenditures are neither at a level nor of a type to achieve adequacy as determined by the department, the county will state how it intends to comply with a plan to achieve adequacy previously approved by the department.

**OAR 150-294.175(2)-(A)** defines the CAFFA grant application filing requirements. The deadline for filing a grant application with the Department of Revenue is on or before May 1<sup>st</sup>, in order to participate in the grant program through the County Assessment Function Funding Assistance Account, under ORS 294.178. The county grant application must be submitted on forms provided by the Department of Revenue. The application must be accompanied by a resolution from the governing body of the county. A grant application resolution must be signed by the chair of the governing body and must provide that the county agrees to appropriate the budgeted dollars in the grant application based on 100% of the expenditures certified by the Department of Revenue under ORS 294.175(5). The Department of Revenue may reject an application that fails to meet these requirements.

**OAR 150-294.175(2)-(B)** requires that on or before May 1 of each year, each county must file an estimate of expenditures for assessment and taxation functions with the Department of Revenue as required by ORS 294.175 in order to participate in the grant program provided under ORS 294.175 for the tax year beginning on July 1. In the event it is determined that there is a need to increase or decrease the estimated expenditures, the county must file an amended estimate of expenditures no later than June 1.

**OAR 150-294.175(6)** provides that on or before June 15 of each year, the Department of Revenue must mail to the governing body of each county a letter of certification or of denial of participation in the County Assessment Function Funding Assistance (CAFFA) Account.

For 2015-16, the grant application must also include a signed "**Racial and Ethnic Impact Statement**", which was mandated by the 2013 Oregon Legislature and must be included in all state grant applications.

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

While taxation issues generate citizen interest, the approval of the Assessment & Taxation budgeted expenditures is unlikely to generate significant citizen participation issues.

The approval letter from the Department of Revenue, certifying Multnomah County's participation in the County Assessment Function Funding Assistance (CAFFA) program, which includes an estimate of CAFFA funds and the distribution rate for Multnomah County, is shared with the Tax Supervising and Conservation Commission.

Other than review and authorization by the State of Oregon Department of Revenue, no other government participation is expected.

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**Required Signature**

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**Elected  
Official or  
Department  
Director:**

Karyne Kieta /s/

**Date:**

March 13, 2015

*Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.*