



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date: 4/19/12
Agenda Item #: R.14
Est. Start Time: 11:15 am
Date Submitted: 4/4/12

Agenda Title: RESOLUTION Certifying an Estimate of Expenditures for Fiscal Year 2012-13 for Assessment & Taxation (CAFFA) in Accordance with ORS 294.175

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: April 19, 2012
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 resolution and certification of an estimate of budgeted expenditures for FY 2012-13 for Assessment & Taxation totaling \$17,966,084. 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. A portion of the money was also marked for the Department of Revenue 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 Department of Revenue's County Assessment Function Funding Assistance (CAFFA) account with the State Treasurer (ORS 294.184). The distribution of the proportional grant funds from the state to the county's general fund occurs on the 25th of the month following the end of the fiscal quarter.

To receive the grant, each county must submit an application to the Department of Revenue on or before May 1 of each year, that includes its annual budget for assessment and taxation expenditures as approved by the county governing body. The grant application requests information about workload, staffing, and budgeted expenditures for the various components of the assessment and taxation program. Allowable expenditures include essential assessment and taxation functions: administration, valuation, assessment, appeals, tax collection & distribution, cartography, and information processing. Other allowable expenditures related to the assessment and taxation function include support provided by General Ledger, Treasury, Tax Supervising & Conservation Commission (TSCC), costs for management of foreclosed properties (Tax Title), and efforts related to development of assessor maps in GIS format.

The department reviews each application to determine if the county budget will provide the resources to adequately perform property assessment and taxation functions. 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 Department of Revenue (DOR) distributes grant funds to the counties through the County Assessment Function Funding Assistance (CAFFA) account. Each year the Department of Revenue 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 giving an estimate of the amount that the county will receive. This amount is based on the county's percentage of department-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.

To be eligible to share in the dollars distributed from the CAFFA account for the tax year beginning July 1, 2012, on or before May 1, 2012, the county must file a completed grant application, a signed and dated grant application resolution, a signed and dated County Resolution certifying an estimate of expenditures for Assessment and Taxation in accordance with ORS 294.175. These documents attest to the County's assessment and taxation funding commitment in the grant application. The grant resolution provides that Multnomah County agrees to appropriate the budgeted dollars in the grant application based on 100 percent of the expenditures certified by the department as provided under ORS 294.175(5).

The DOR will review all County applications and by June 15, 2012 will inform Multnomah County of its percentage share of the forecasted CAFFA grant pool.

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

72023 -DCM DART – Administration
72024 -DCM DART – Customer Service

72025 -DCM DART – County Clerk Functions – only the Board of Property Tax Appeals
72026 -DCM DART – Ownership
72027 -DCM DART – Tax Revenue Management
72028 -DCM DART – GIS & Parcel Management
72029 -DCM DART – Assessment Performance Analysis
72030 -DCM DART – Property Assessment / Special Programs
72031 -DCM DART – Personal Property Assessment
72032 -DCM DART – Property Assessment / Industrial
72033 -DCM DART – Commercial Property Appraisal
72034 -DCM DART – Residential Property Appraisal
72037 -DCM DART - Application Support
72038 -DCM DART - Tax Title Program

72048 -DCM DART – Assessment & Taxation Systems Upgrade – only budgeted operating expenses (maintenance & training), plus capitalized expenses up to the limitations per ORS 294 and OAR 150-294.175(1)(c).

10006 -Tax Supervising & Conservation Commission (TSCC)

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

The total proposed budget requested for approval for FY13 is \$17,966,084, a 5.6% increase as compared to FY12. This budget proposal represents the total estimated expenditures for assessment and taxation functions, for consideration in the county's CAFFA Grant application and resolution.

The proposed budget for FY13 includes direct operating expenditures of \$16,142,034, allowable indirect expenses of \$807,102, and allowable capital outlay expenditures of \$1,016,948. The proposed budget has a net increase of \$952,826 as compared to FY12. This includes a net increase in direct expenses of \$856,088, an increase in allowable capital expenses of \$53,933, and an increase in allowable indirect expenses of \$42,805.

FY13 Direct expenditures of \$16,142,034 include an overall increase of \$856,088. Personal Services increased by \$631,617, a 5.6% increase as compared to FY12. Personnel costs include anticipated step increases, but a COLA of 0%, for Local 88 represented staff; and for non-represented staff, the budget includes a 3.25 % COLA, 1% VEBA and allowable merit increases. Some portion of the increase in personal services is due to minor increases in DCA and DCM position allocations in support of assessment and taxation functions, and reporting category changes in the CAFFA expenditure summary.

Direct expenditures also include a 9% decrease in Professional Services of \$28,526, offset by an 11.3 % increase in Materials & Services of \$171,635, primarily in hardware and software maintenance and support contracts and software licenses fees. Internal Services increased overall by 3.67%, or \$81,362, as compared to FY12; decreases in Telecomm (\$30.9 K), Distribution Services (\$5.8K) and Facilities (\$75.2 K) were offset by increased allocations for IT internal services (+ \$192.2 K).

During FY12 DART combined direct service functions into one consolidated customer service area, allowing the division to leverage resources, achieve operational efficiencies, and reduce the cost of targeted operations. This consolidation has reduced the overall office space requirements for DART moving forward into FY13, reducing costs for Facilities internal service charges for DART of \$75K, and freeing up space to allow the county to

utilize the space for other operational needs.

In FY13, DART will be making additional changes in alignment with the Multnomah Evolves Initiative and Span of Control. DART is reclassifying two management positions to represented classifications, and aligning program staff to achieve greater operational efficiencies. Organization changes reflected in the FY13 Program Offers include elimination of the Data Operations program, enfolding affected staff positions into Appraisal programs. Along with other staffing transfers between DART programs, these changes prepare DART staff to be best aligned to integrate the new Assessment & Taxation System upgrade successfully and fully implement changes in direct customer service delivery.

The proposed budget included in the CAFFA Grant Application includes an allowable Indirect Expense of \$806,965, calculated as 5% of direct expenditures. Capital expenditures of \$1,016,776 are included in the CAFFA Grant Application and are attributable to A&T System Replacement costs which may be capitalized, 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 2012-13 CAFFA grant is projected to be \$3,518,268, which reflects an anticipated moderate increase of \$69K from the prior year.

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)-(A) states:

(1) On or before May 1 of each year, each county must file with the Department of Revenue an application in order to participate in the grant program provided through the County Assessment Function Funding Assistance Account under ORS 294.178.

(2) The county must submit a grant application on forms provided by the department.

(3) The application must be accompanied by a resolution from the governing body of the county.

(a) The grant application resolution must be signed by the chairperson or judge of the governing body, or an appointee of the governing body that is acting under the authority of the governing body.

(b) If the chairperson or judge does not sign the resolution, the county also must submit a copy of the minutes of the meeting in which the governing body heard and approved the grant application resolution.

(c) The resolution must provide that the county agrees to appropriate the budgeted dollars in the grant application based on 100 percent of the expenditures certified by the department as provided under ORS 294.175(5).

- (4) The department may reject an application that fails to meet the requirements of subsections (2) and (3).

OAR 150-294.175(2) states: 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 309, and other laws requiring equality and uniformity in the system of property taxation.

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 budget 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.

Required Signature

**Elected
Official or
Department
Director:**

Karyne Kieta /s/

Date:

4/4/12