



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 09/23/13)

## Board Clerk Use Only

Meeting Date: 4/17/14  
Agenda Item #: R.4  
Est. Start Time: 10:30 am  
Date Submitted: 3/27/14

**Agenda Title:** **RESOLUTION Certifying an Estimate of Expenditures for Fiscal Year 2014-15 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 17, 2014 **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 resolution and certification of an estimate of budgeted expenditures for FY2014-15 for Assessment and Taxation functions totaling \$18,503,393. 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 25<sup>th</sup> of the month following the end of the fiscal quarter.

To receive the grant, each county must submit an application to the Oregon Department of Revenue (DOR) 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 functions 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 DOR 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 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 fiscal year beginning July 1, 2014, on or before May 1, 2014, Multnomah County must file a completed CAFFA Grant Application, 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. These documents attest to the County's assessment and taxation funding commitment in the grant application.

ORS 294.175 requires that a county must be certified by the Department of Revenue to participate in the grant. The Grant Application 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 Resolution also attests to the county's compliance with a variety of laws requiring equity and uniformity in the property tax system.

The Department of Revenue (DOR) will review all county applications and make a determination that the certified expenditures are adequate to provide the resources to achieve compliance with ORS 308.232, 308.234, 309 through 312 and other laws requiring equality and uniformity in the system of property taxation. By June 15, 2014 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 FY15, and an estimate of the percentage share of the 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:

72023-15 Div of Assessment, Recording & Taxation Administration  
72024-15 DART Customer Service  
72025A-15 DART County Clerk Functions [only portion for Board of Property Tax Appeals]  
72026-15 DART Ownership  
72027-15 DART Tax Revenue Management  
72028-15 DART GIS /Cartography  
72029-15 DART Assessment Performance Analysis  
72030-15 DART Property Assessment Special Programs  
72031-15 DART Personal Property Assessment  
72032-15 DART Property Assessment Industrial  
72033-15 DART Commercial Property Appraisal  
72034-15 DART Residential Property Appraisal  
72037-15 DART Applications Support  
72038-15 DART Tax Title  
10006-15 Tax Supervising & Conservation Commission (TSCC)

72035A-15 & 72035B-15 DART – Assessment & Taxation System Upgrade – only budgeted FY15 expenditures classified as operating expenses (hardware maintenance), 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 FY15 proposed budget presented for Board approval is \$18,503,393. 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. The FY15 proposed budget is at current service level and within the target allocation for the programs included in the grant application.

The FY15 proposed budget of \$18,503,393 includes Direct Operating Expenditures of \$16,624,791, allowable indirect expenses of \$831,240, and allowable capital expenditures of \$1,047,362.

FY15 Direct Operating Expenditures include \$12,830,060 in Personal Services, which increased by 1.9 % as compared to FY14, and includes anticipated step increases and COLA of 2 % for Local 88 represented staff, and allowable merit, COLA of 2% and VEBA of 1% for non-represented staff.

The allowable Indirect Expense of \$831,240 is calculated as 5% of direct expenditures. While these costs are not directly budgeted in the budgeted 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 \$1,047,362 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 2014-15 CAFFA grant is projected to be \$4,029,000, which reflects an increase of \$79K as compared to FY14.

**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 308.232, 308.234, ORS 309, 310, 311, and 312 and other laws requiring equity 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.

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**Required Signature**

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**Elected  
Official or  
Department  
Director:**

Sherry Swackhamer \s\

**Date:**

3/27/14

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