



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date: 4/18/13
 Agenda Item #: R.4
 Est. Start Time: 10:20 am
 Date Submitted: 4/1/13

Agenda Title: RESOLUTION Certifying an Estimate of Expenditures for Fiscal Year 2013-14 for Assessment & Taxation 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 18, 2013 **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 2013-14 for Assessment & Taxation totaling \$18,787,949. 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 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 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 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 tax year beginning July 1, 2013, on or before May 1, 2013, 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, 2013 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 FY14 proposed budget presented for Board approval is \$18,787,949, which is a 4.57% increase as compared to FY13. 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 proposed budget for FY14 includes direct operating expenditures of \$16,880,457, allowable indirect expenses of \$844,023, and allowable capital expenditures of \$1,063,469. The proposed budget has a net increase of \$821,865 as compared to FY13. This includes a net increase in direct expenses of \$738,423 (primarily personnel costs), an increase in allowable indirect expenses of \$36,921, and an increase in allowable capital expenses of \$46,521.

FY14 direct operating expenditures includes \$12,590,604 in Personal Services, which increased by \$715,101, or 6.02%, as compared to FY13. Personal Services for permanent staff increased by 5.39% from FY13 to FY14, and includes anticipated step increases and COLA of 2.25 % for Local 88 represented staff, and allowable merit, COLA of 2.25% and VEBA of 1% for non-represented staff. Personal Services also includes 8.78 FTE temporary staff, an increase of 1.19 FTE for temp staff for FY14; Seasonal temporary staff support tax collection and appraisal activities, with increases for litigation analysis, field appraisal support and continued participation in the Summer Youth Leadership Development program through the Office of Diversity and Equity.

Direct expenditures for Professional Services and Materials & Services remained flat overall from FY13 to FY14, with only a .5% (½ of 1%) increase, due to offsetting increases and decreases. Decreases in equipment maintenance, software licenses and support, distribution services and building management costs, were offset by very moderate increases in professional services, IT internal services, telecomm and cell phone charges, supplies, dues and subscriptions, travel and training, motorpool and local travel/mileage.

Organizational changes implemented in FY13 are reflected in the FY14 program offers and included in the CAFFA Grant Application budget proposal. DART fully implemented the consolidation of direct customer service functions into one comprehensive service area, providing operational efficiencies and cost savings. A new tax payment processing system expected to be implemented in FY14, will provide additional savings to the County due to reductions in software and hardware maintenance.

The proposed budget included in the CAFFA Grant Application includes an allowable Indirect Expense of \$844,023, calculated as 5% of direct expenditures. While these costs are not directly budgeted in DART's 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 \$1,063,469 included in the CAFFA Grant Application budget are attributable to those A&T System Replacement 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 2013-14 CAFFA grant is projected to be \$3.95 Million, which reflects an increase of \$431K 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: 3-29-13