

4:15 PM
Legislative Board Subcommittee Meeting

- I. **Call to Order, Roll Call**
- II. **Item for Information**
 - 1. Discuss Legislation in the Current Session 2
- III. **Adjourn**

INTERPRETERS FOR THE DEAF AND HARD OF HEARING:
To request interpreter services for this meeting, please call (541) 790-7850 or TDD (541) 790-7712 or the
TDD Relay Number 1 (800) 735-2900

District Name: SD004J - EUGENE SCHOOL DISTRICT 4J

Education Local Option

**Education
Local Option**

Proposed Rate:

Amount Raised Before Measure 5 Compression:

Measure 5 Compression:

Amount After Measure 5 Compression:

Accounts with no Local Option Tax:	6,862	11%
Accounts paying Local Option Tax:	55,864	89%
Total Accounts in District:	62,726	100%

Highest Local Option Tax on one Account: \$175,335

Average Local Option Tax per Account: \$429

Lowest Local Option Tax on one Account: \$0

Amount of Gap Value Remaining in District: \$54,325,285

Operating Levies:

Levy	Before	After	Compression
District Name	Compression	Compression	Compression
Eugene School District	91,362,627	90,888,475	474,152
Lane Community College	12,024,390	11,962,293	62,097
Lane Education Service Dist	4,335,730	4,313,339	22,391
Totals	107,722,747	107,164,107	558,640

Local Option Levies:

Levy	Before	After	Compression
District Name	Compression	Compression	Compression
Eugene School District Local Optio	29,754,512	26,880,251	2,874,261
Totals	29,754,512	26,880,251	2,874,261

	Before	After	Compression
Proposed Local Option:	0	0	0
Total Tax:	137,477,259	134,044,358	3,432,901

District Name: SD004J - EUGENE SCHOOL DISTRICT 4J

Education Local Option

Includes exempt accounts

Number of exempt Accounts: 3,800

Properties with the combination of special assessments and exemptions are not completely adjusted.

Please note that factors such as Urban Renewal and Levy Amounts from Other Counties may affect the amount raised by the local option rate applied. Information to calculate these factors is not available until certification in October. The rate for the proposed local option levy is adjusted to match the percentage reduction in tax code areas effected by Urban Renewal. Urban Renewal will decrease the amount of collection.

Values are as of Tax Roll Certification for the 2022-2023 tax year. Calculations are based on state law in place for calculating tax for the 2022-2023 tax year.

Overrides are not adjusted for Maximum Assessed Value

Overrides: 958

Certified TVR Value: 19,836,341,011

Number of Accounts by Property Type:

Residential: CPR = 1xx	47,436	79.8%
Commercial: CPR = 2xx	3,334	5.6%
Industrial: CPR = 3xx	992	1.7%
Rural Tract: CPR = 4xx	3,087	5.2%
Farm: CPR = 5xx	746	1.3%
Forest: CPR = 6xx	1,221	2.1%
Multi-family: CPR = 7xx	1,076	1.8%
Recreational: CPR = 8xx	1	0.0%
Miscellaneous: CPR = 0xx	1,550	2.6%
Open space: CPR = P	15	0.0%
Personal Property or Utility: CPR = Null	0	0.0%
	<hr/>	
	59,458	100%

Accounts by Value Type:

Real Market Value	1,339	2.1%	404,979,032
Maximum Assessed Value	25,547	40.7%	8,362,752,150
Exempt Accounts	3,800	6.1%	580,464,454
Accounts with New Construction or Exception	1,183	1.9%	801,592,130
Other Accounts	25,866	41.2%	8,559,959,153
Special Assessed Accounts	1,934	3.1%	345,441,417
Personal Property Accounts	2,591	4.1%	425,040,882
Utility Accounts	465	0.7%	355,759,204
Historic Accounts	1	0.0%	352,589
	<hr/>		
	62,726	100%	19,836,341,011

HB 3518 Estimate for SD 4J			
Total Int Collected in 23-24	2,003,988.65		Decreased Total by 15% for Bonds
4j Int Collected in 23-24	331,674.58		
23-24 4j Dist %	0.223554929	448,001.54	
<i>Using the same distribution % as for principal</i>			
What 4j did receive in Interest		<u>331,674.58</u>	
		116,326.96	Net additional revenue they would have received
		<u>0.3%</u>	
Total 4j Principal Collected in 23-24	149,778,208.78		
Excluding Bonds	<u>40,129,342.07</u>		
	109,648,866.71	328,946.60	
		212,619.64	Difference (amount they would have 'lost')

March 11, 2025
House Committee on Revenue
HB 3518—Relating to Funding County Assessment Functions



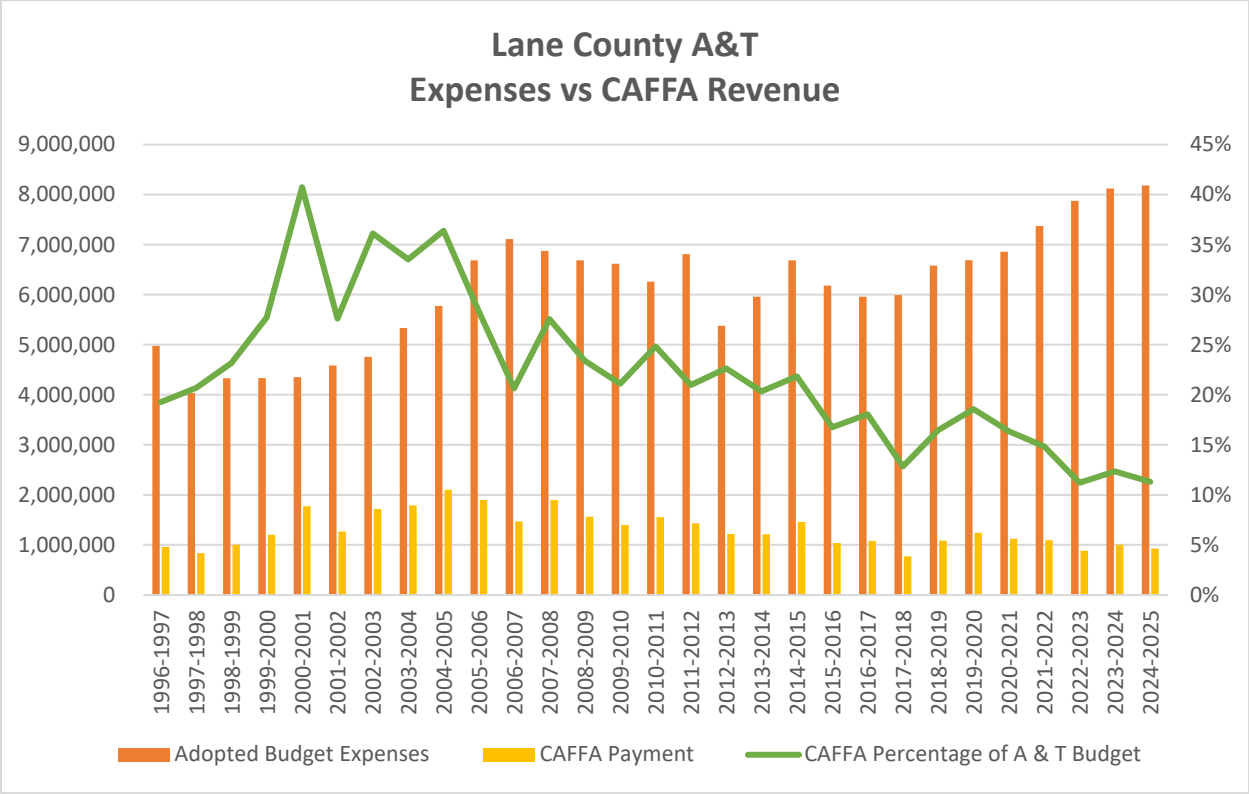
Dear Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee:

I'm writing in support of HB 3518; to stabilize, index, and increase the County Assessment Function Funding Assistance Account (CAFFA) grant.

The CAFFA program provides an important supplemental funding source for Assessment and Taxation (A&T) functions. CAFFA revenues have failed to keep pace with inflationary increases in expenses to the detriment of the property tax system.

Specifically, in Lane County:

- In 2012, due to funding shortfalls, A&T reduced from 60 staff to only 48 staff.
- Staffing levels since 2012 have fluctuated.
- Current staffing level is 48.
- Since 2010, we've grown by 7,000+ property tax accounts.
- Our staffing levels are one of the lowest per account in Oregon. The Oregon Department of Revenue recommends a staffing level of 76 full time equivalent (FTE).
- As we head into fiscal year 2025-2026, the county general fund is facing a \$6.5 million budget deficit; 5% reductions in all departments and A&T would be reduced to 45 FTE.
- Fiscal year 2024-2025, certified \$720.9 million in tax revenue to collect and distribute to 85 districts which include schools, cities, public safety, fire, ambulance, the county, and parks districts.
- 38% of residential properties have not been physically inspected for 25-30 years.
- CAFFA has been on a steady decline since 2001 when it covered 41% of A&T costs
- FY 2024-2025 expected to cover between 11-12% of A&T costs.
- If passed, HB 3518 will provide relief to Oregon's county government general funds and increase to 25% of A&T costs.



County General Fund for FY 2024-25:

- 27.96% of the fund is made up of property tax revenue.
- 72.8% allocated to Public Safety.
- 10.8% allocated to Public Health and Welfare.
- 15.5% allocated to General Government; 6.23% for A&T.
- 0.9% allocated to non-departmental.

Protecting the Property Tax Base

The property tax base is a service district’s most stable and important asset in their portfolio. To achieve a greater return, improved investment in the assessment and taxation mechanism generating the revenue on which schools, public safety, cities, counties, and fire districts financially depend on is crucial.

Protecting district assets also includes processing refunds timely to avoid losing revenue as additional refund interest accrues.

Timely and Accurate Addition of New Value to the Property Tax Roll

Measure 50 (M50) made more than a few changes to the administration of the tax system; one area I’d like to focus on is:

- Elimination of the 6-year reappraisal cycle for all properties

- Replaced with Exception Events, which include new construction, major renovations, additions, partition plats and subdivisions, out of exemption, to name a few.

M50 exception value must be added to the property tax rolls in a timely manner by qualified, well-trained employees. Adding M50 exception value accurately the first time is critical for creating precise Maximum Assessed Value (MAV). Timely addition of new construction avoids omitted property being added in later years.

Property permits are prioritized by high return, including new homes, large additions, and new buildings. Permits deemed of lower return, such as electrical, mechanical, or plumbing, are not inspected due to lack of staff.

M50 exception value is incorporated into the tax roll through the diligent efforts of appraisers conducting property field inspections and cartographers working subdivisions and partition plats to create new parcels. Ownership records are updated using recorded deeds to ensure taxpayers receive their tax statements accurately. These are manual processes carried out by A&T employees, whose expertise and contributions are irreplaceable in generating M50 exception value, collecting the revenue attributable to the new value and distributing funds for schools, cities, public safety, counties, and fire districts.

The 2024-2025 certified tax roll for Lane County showcases the dedication of A&T staff who contributed to adding \$2.3 billion in new (M50) taxable assessed value. Using an average tax rate of \$16.69 that equates to \$38.4 million in new revenue.

Return on Investment (ROI) Example 1

New Business Personal Property Outreach Project, conducted by Kim Westwang, Property Appraiser III with Lane County Assessment and Taxation, 2024

- 3,151 letters sent to potential new businesses not filing a Business Personal Property Return
- 1,464 responses received – 46% response rate
- 493 new Business Personal Property accounts created
- 56 taxable accounts – exceeding the value threshold of \$22,500
- 25 accounts owed for back taxes (omitted property)
- \$113,735.07 added for omitted property for 2024
- \$4,680,921 total taxable value added to the roll for 2024

Recommendations - Future New Business Outreach Project:

- The State of Oregon Business Registry identified 14,000 potential new businesses that have not filed a Business Personal Property Return in Lane County.
- Proactive outreach to these entities could significantly enhance public relations by assisting businesses in their early stages, rather than waiting until they receive omitted property tax bills after several years.
- ROI - Based on the above study, a reasonable estimate of \$58 million in unrealized taxable assessed value can be concluded for value left on the table. Using an average tax rate of \$16.69 could generate \$968,020 in potential revenue.

ROI Example 2

District #1 Personal Property (DIPP) Project conducted by the National Policy Consensus Center, Hatfield School of Government, Portland State University, 2014-17

- 2014-2017 we participated in a regional pilot project that shared A&T staffing through support from the Oregon Legislature (\$345,000).
- The ROI for Lane County equaled \$10.7 million in RMV and an increase in tax receipts which totaled almost \$157,000 for the first year.
- The public awareness campaign phase of the project returned an additional \$511,000 to the taxing districts within Lane, Coos, Curry, and Klamath.

Data source: Hatfield School of Government, Portland St. University, DIPP Report

ROI Example 3

Lane County Assessment & Taxation FTE Study, conducted by The University of Oregon Institute for Policy, Research and Engagement, 2023

- The study targeted residential properties that sold 20% outside of the Real Market.
- Data set of 4,000 sales over two years not inspected by appraisal staff.
- The property sample within the Eugene urban growth boundary indicated a yield of \$227,663.02 in foregone tax revenue for the 509 properties (out of 4,000) studied.
- Expert interviews suggest moving back towards a six- to ten-year appraisal cycle and leveraging technology available to appraisers.
- The County should prioritize building permits, kitchen remodels, and buildings last inspected before 1997.

Data Source: Lane County Assessment & Taxation FTE Study Final Report prepared by The University of Oregon Institute for Policy Research & Engagement, School of Planning, Public Policy, and Management, June 2023

Underfunded assessment and taxation functions leave tax revenue uncollected, and property records outdated.

Stable indexed funding will help maintain experienced A&T staffing, enhance accurate, timely, and reliable assessment values, improve fairness to taxpayers and provide greater income to taxing districts.

Thank you for considering and time reading my testimony.

Respectfully,

Mary Vuksich-Shafer

Mary Vuksich-Shafer
Lane County Assessor & Tax Collector

House Bill 3518

County A&T Funding

Presentation to the House Committee on Revenue

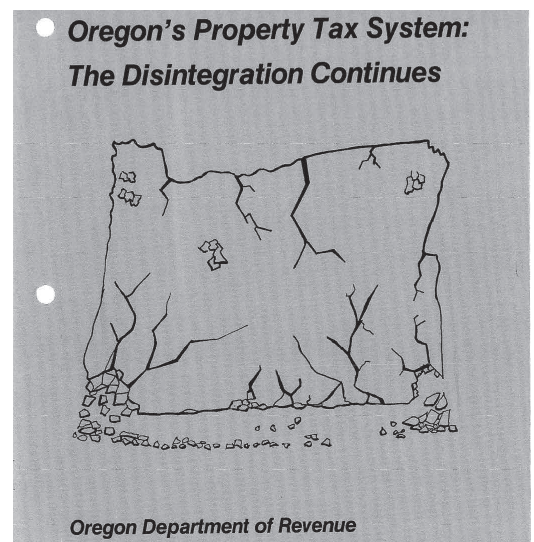
March 11, 2025

Oregon State Association of County Assessors

Oregon Association of County Tax Collectors

County Assessment Function Funding Assistance (CAFFA) Quick Facts

- CAFFA established in 1989 (House Bill 2338) by the Oregon Legislature, citing concerns over the “disintegration of Oregon’s property tax system.”
- In passing HB 2338, the Legislature recognized a shared responsibility for statewide uniformity and accuracy in Assessment and Taxation.
- CAFFA provided county officials with new sources of funding: delinquent interest from late property tax payments and document recording fees.
- CAFFA was modified in 1997 (HB 2049) and most recently in 1999 (HB 2139).

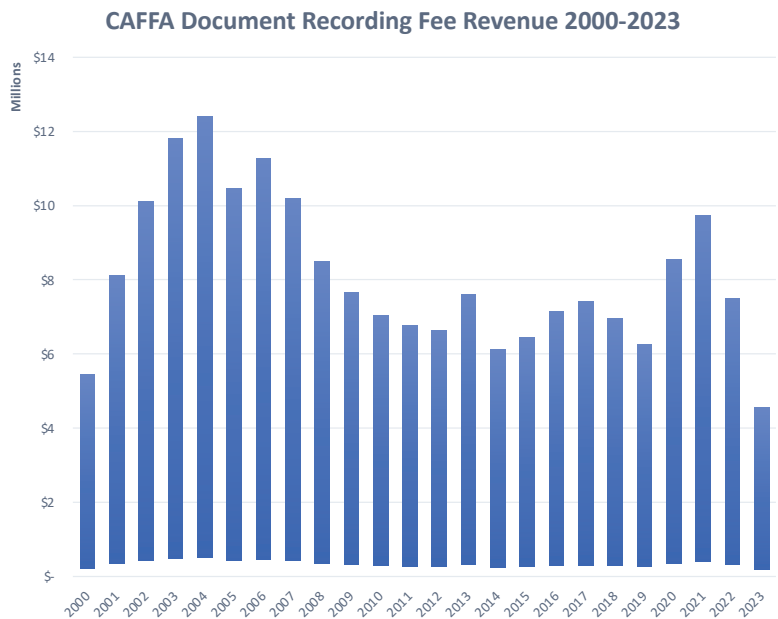


CAFFA Revenue Sources

- **\$9 Document Recording Fee:** When a person records a title or deed they pay a document recording fee, \$9 of which is dedicated to A&T funding.
- **~\$13m Delinquent Interest Retention:** Late property taxpayers accrue interest at 1.33% per month. 25% of that is held back from all taxing districts (Tier 1) and another 25% is held back from all taxing districts that aren't county or K-12 school districts (Tier 2). Both sources of revenue are collected at the county level, sent to the DOR – which retains 10% – and is then redistributed to County A&T based on demonstrated need.
- **State General Fund:** In 1999, the Legislature added \$5m per biennium. This was discontinued by the 2009 Legislature during the mortgage crisis.

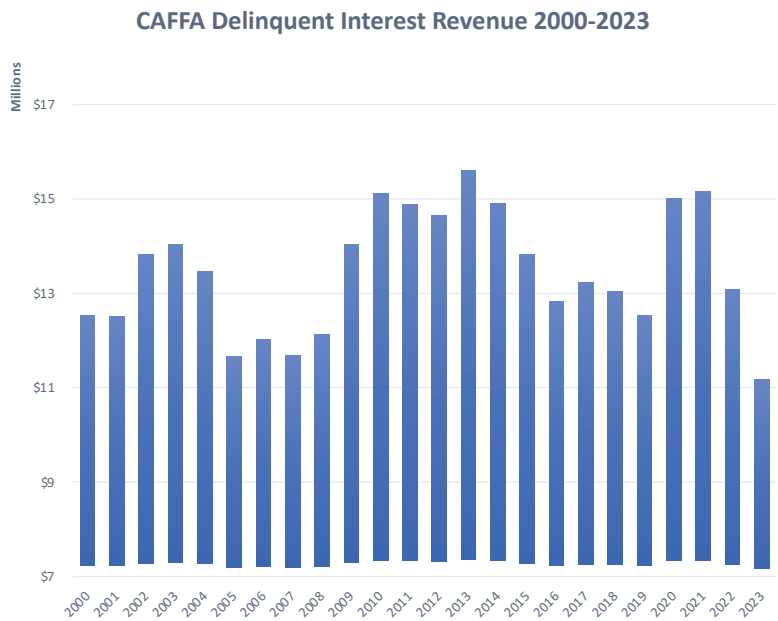
Document Recording Fee Deposits to Counties

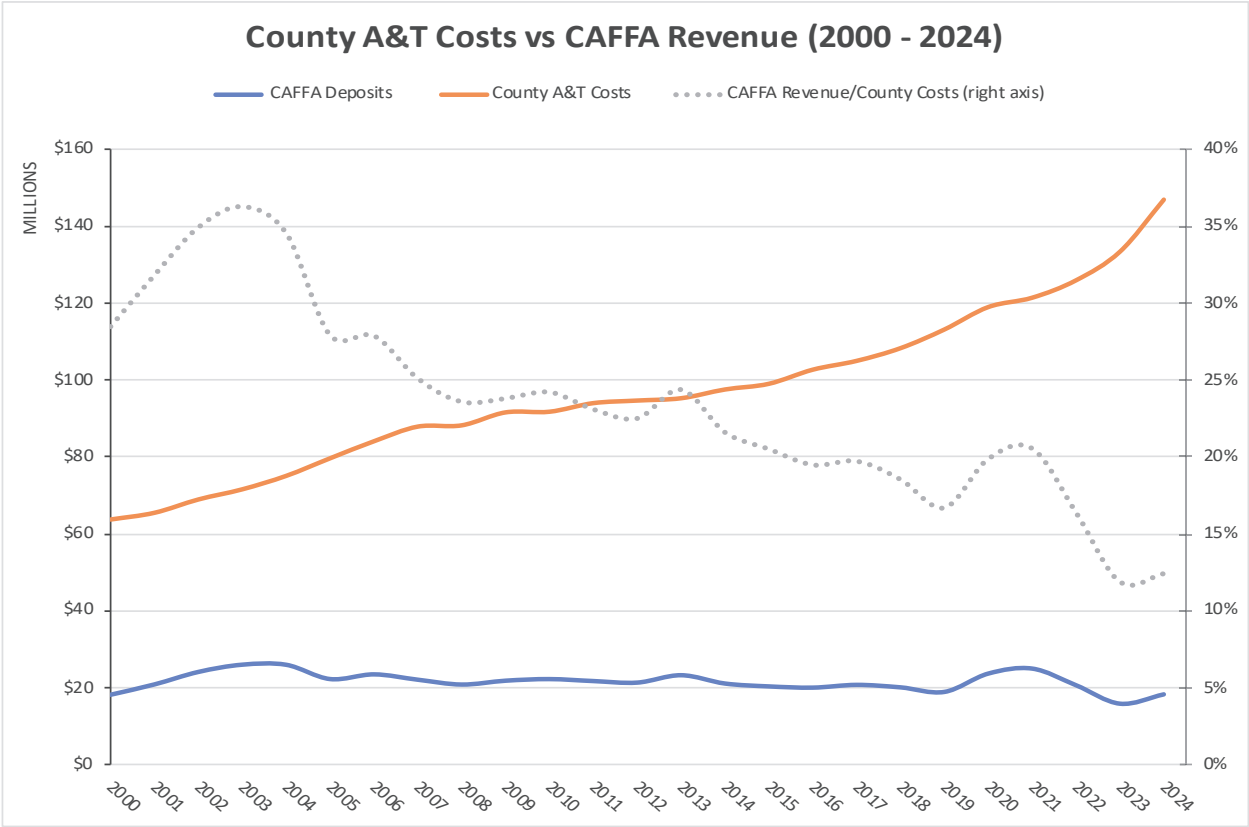
- Not indexed to growth
- Related to the level of activity in the real estate and the mortgage finance markets.



Delinquent Interest Deposits to Counties

- Not indexed to growth
- County A&T benefits when taxpayers pay late(!)





Past to Present

- Oregon's property tax system was faltering pre-CAFFA when supported only by counties.
- CAFFA stabilized the system by establishing revenue support from taxing districts and the public, each of whom rely on County A&T to administer the property tax system and manage the state's property tax asset.
- CAFFA not indexed to growth.
- Most County A&T offices are unable to meet their full array of statutory duties.
- Uniformity and accuracy are suffering as is defense of the asset.
- Taxing districts losing many tens of millions in revenue per year.
- Property tax system is once again in a state of active disintegration.

The Future

- CAFFA not indexed to growth.
- Revenue is flat (overall) while needs grow due to inflation, cost increases, growth in tax accounts, growth in taxing districts, and new exemption programs.
- The gap in CAFFA revenue vs needs will continue to grow over time.
- Uniformity and accuracy will continue to deteriorate
- Revenue loss to districts will accelerate.
- Much revenue loss will be permanent or at least enduring under the current system.
- A successful future depends on reforming CAFFA.

How Would HB 3518 Help?

- HB 3518 would increase and stabilize CAFFA revenue.
- Been set to catch up with inflation since the last adjustment in 1999 and better keep pace with future inflation.
- Three sources of additional revenue:
 - Document Recording Fee for County A&T would increase from \$9 to \$18; Future fees indexed to inflation, rounded to the nearest fifty cents.
 - Discontinues delinquent interest as A&T funding source; Replaces it with 0.3% property tax distributions (minus bonds);
 - Allocate \$10m per biennium in State General Funds.
- Estimated to cover ~30% of County A&T need. Doesn't return us to "Peak CAFFA."

Where will revenue come from?

- Using current tax year numbers, we estimate the following:
- The estimated increase in recording fee revenue will be \$4-5m per year.
- The amount delinquent interest returned to taxing districts will be \$13.9m.
- The estimated property tax revenue to County A&T will be \$26.3m.
- The NET cost to taxing districts statewide is \$12.4m and breaks down as follows:
 - \$6.3m from K-12
 - \$1.7m from cities
 - \$2.6m from counties
 - \$1.2m from special districts
 - \$330k community colleges

Returns on Investment

- We conservatively estimate that taxing districts, on-average, would see a return on investment of 300-400%.
- That's more money for school districts, cities, counties, and special districts. They will all benefit.
- Because school district taxes tend to be more compressed than government taxes, the school ROI will tend to be higher.
- That's based on the current state of the asset. But the asset is eroding.
- Property owners and the public will receive better, more consistent service, more accurate valuations, and more uniform and equitable treatment.
- Taxing districts will receive more robust assistance from County A&T in their own budgeting processes. Which is a service offered free of charge.

Where Does the ROI Come From?

- Increased capture of omitted property through reappraisal.
- Timely addition of new value to the property tax roll.
- Adequate capacity to defend valuations in tax court.
- Improved accuracy in valuations will reduce tax loss to Measure 5 compression.
- Enhanced public education leads to more accurate tax filings.

ROI Highlights* - On the Record

- \$18 million per year in omitted property from Clackamas County.
- \$5-10m per year in Measure 5 compression avoidance due to inaccurate appraisals in Multnomah County.
- \$5m in omitted property from Hood River County.
- \$5-9m in revenue defense related to high value retail appeals.
- \$12 million per year in omitted property from Lane County.

* (At full implementation)

Impacts vary by County

- Not every county will have a significant ROI at present. The majority will.
- ~8-10 County A&T Offices are “healthy” in that they have adequate staffing, a well-maintained asset, and have no immediate funding crisis.
- ~6-8 counties are in a state of complete failure with inadequate staffing, a disintegrating tax based, and immediate and ongoing funding shortfalls.
- ~20 counties are struggling to varying degrees either in the sense that they are understaffed and falling behind, have an asset that is eroding, or is beginning to erode, and an immediate or pending funding shortfall.
- All counties are on a downward trend due to continued CAFFA declines.

What's Not (Yet) in the Bill

- We're committed to ensuring that this funding is dedicated to County A&T.
- We're committed to ensuring that first priority is getting value added back to the rolls and revenue back to taxing districts.
- We're committed to legislative follow-ups and progress reports.
- We're committed to hearing from districts to learn what else they'd hope for in terms of service improvements.
- We're open to discussing tweaks to the funding methodology and have identified a few adjustments needed to the sections on document recording fees and property tax distributions.

Final Remarks

- County A&T is unique as a taxing district function in that it's the only function that all other taxing districts rely on for their operating revenues.
- County A&T is the financial backbone of local governments and special districts, including schools, EMS, fire protection, cities, and of course counties.
- County A&T works on behalf of taxing districts and the public. It relies on their support to function effectively.

Lane County Assessment & Taxation

*Mary Vuksich-Shafer
Assessor/Tax Collector*

- Overview
- Measure 5 & 50
- Partnerships & Innovation
- HB 3518
- ROI

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Assessment & Taxation (A&T)

The Lane County Tax Collector and Assessor collects property taxes on behalf of 85 separate taxing districts including cities, schools, education service districts, water districts, rural fire districts, urban renewal districts; and parks and recreation, library and ambulance districts.

Where Your Property Tax Dollar Goes



12¢
county



47¢
school districts

31¢
cities

6¢ **4¢**
libraries, parks, fire
water districts, etc. districts

- ▶ Lane County's General Fund receives approximately 12¢ of every property tax dollar paid.
- ▶ Lane County has the seventh lowest permanent tax rate of Oregon's 36 counties.



2024 Quick Stats

- 182,619 property tax accounts
- Real market value \$101.3 billion²⁷
- Taxable Assessed value \$43.1 billion
- \$720,933,353.66 certified taxes
- 5,000+ Property inspections
- 13,600+ Ownership changes
- 505 Property boundary changes
- 15,000+ Public information contacts



Measure 5

- Passed in 1990
- Limits amount of tax levied per \$1,000 of Real Market Value (RMV)
- \$5 per \$1,000 RMV for education districts
- \$10 per \$1,000 RMV for general government districts (city & county)
- Created compression
- Amended Oregon Constitution – Article XI, Section 11
- Statewide Votes
 - 574,833 - Yes
 - 522,022 – No
- Lane Votes
 - 51,441 - Yes
 - 56,809 - No



What is compression under Measure 5?

- If taxes in either the education or general government category exceed their designated limits, the taxes are reduced or “compressed” until the limits are met.
- Local option taxes are compressed first. If the local option tax is compressed to zero, and the limit still hasn't been reached, the other taxes in the category are proportionally reduced.
- Some taxes, usually for general obligation bonds, are not subject to limitation.

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Measure 47/50 - Cut and Cap

- 1996 – Measure 47 passed
 - MAV = 1995/96 RMV less 10%
- 1997 - Measure 50 clarified Measure 47
 - Assessed Value (AV) = lessor of the RMV or MAV
- Set district permanent rates at 1997 levels
 - Tax rates are applied against AV, per thousand
- Separated property tax from Real Market Value (RMV)
 - Limited growth of a property's MAV to 3% per year, unless there were significant changes to a property, called exceptions
- Created Maximum Assessed Value (MAV)
 - Exceptions include:
 - New construction or additions
 - Changes in zoning & use
 - New partitions or subdivisions
 - Renovation
 - Removal from special assessment or exemption



Example 1

Inequities created by Measures 5 & 50

	Home A	Home B
Real Market Value in 1990:	\$150,000	\$150,000
Assessment (reappraisal) year:	1990	1996
Market value according to assessors in 1996:	\$150,000	\$220,000 ³¹
1996 Assessed Value Limits according to Measure 50 formula (1996 RMV less 10%):	\$135,000	\$200,000
Tax Rate:	\$10	\$10
Property Taxes owed in 1996:	\$1,350	\$2,000
Assessed Value Limit in 2014:	\$230,000	\$340,000
Property Taxes owed in 2014:	\$2,300	\$3,400

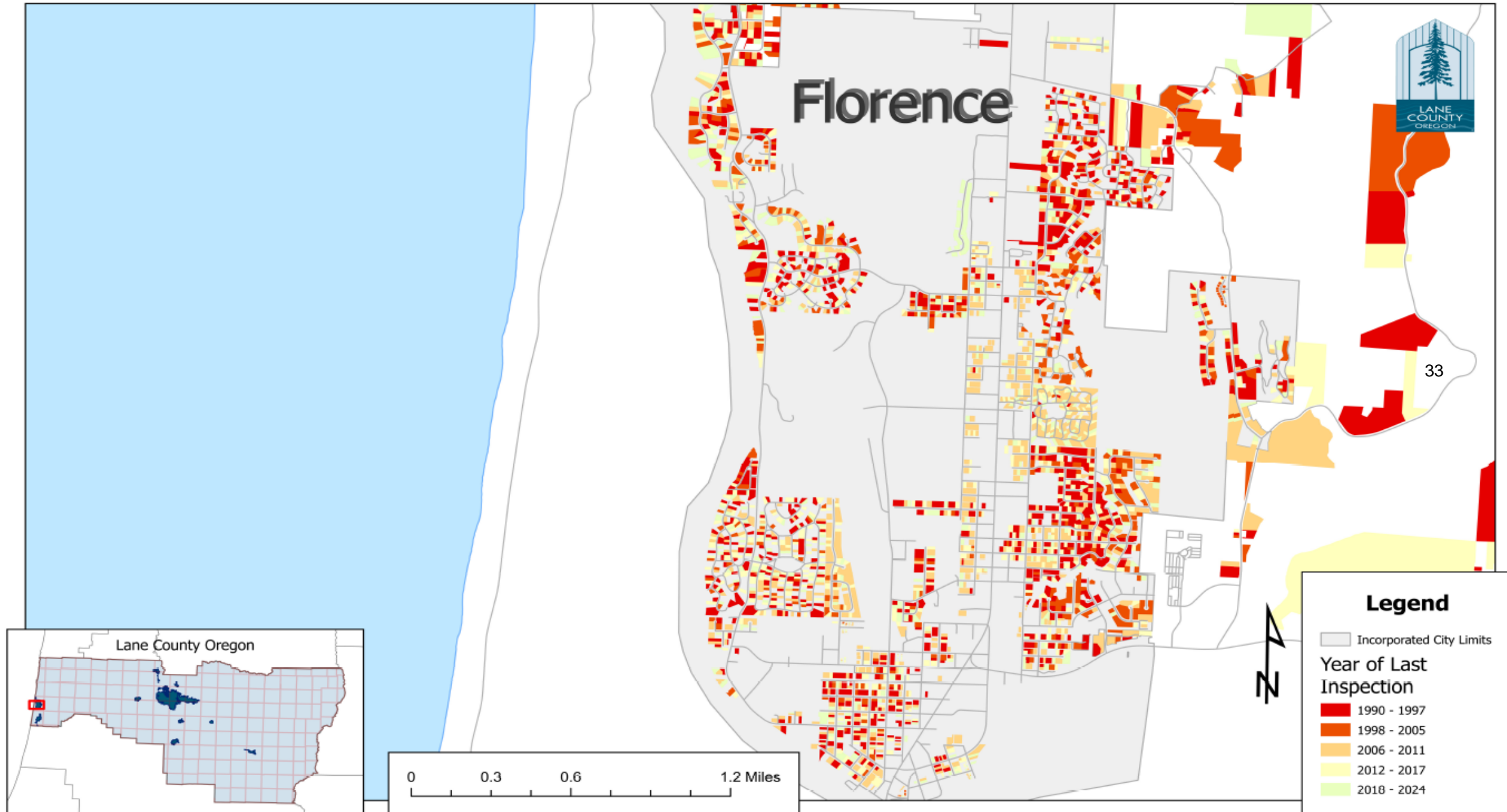


Example 2

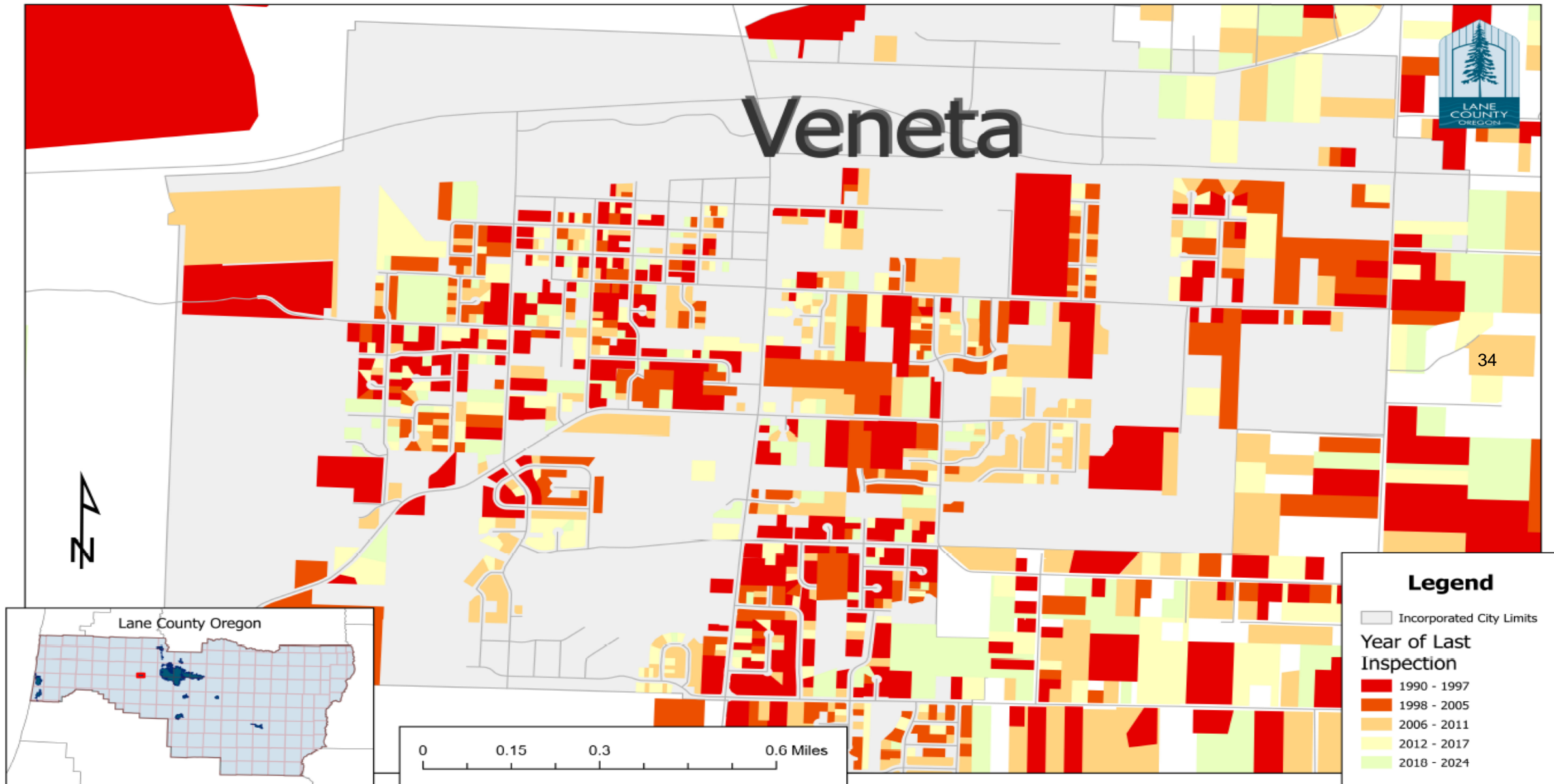
Home A	Home B
Real Market Value = \$200,000	Real Market Value = \$200,000
Assessed Value = \$150,000	Assessed Value = \$190,000
Measure 5 limits	Measure 5 limits
Education: $\$200,000 \times (\$5/1,000) = \mathbf{\$1,000}$	Education: $\$200,000 \times (\$5/1,000) = \mathbf{\$1,000}$
Gen. Gov: $\$200,000 \times (\$10/1,000) = \mathbf{\$2,000}$	Gen. Gov: $\$200,000 \times (\$10/1,000) = \mathbf{\$2,000}$
Measure 50 tax rates	Measure 50 tax rates
Education: $\$150,000 \times (\$5.45/1,000) = \mathbf{\$817}$	Education: $\$190,000 \times (\$5.45/1,000) = \mathbf{\$1,035}$
Below the limit of \$1,000: No Compression	Above the limit of \$1,000: \$35 to compress
Gen. Gov: $\$150,000 \times (\$11.80/1,000) = \mathbf{\$1,770}$	Gen. Gov: $\$190,000 \times (\$11.80/1,000) = \mathbf{\$2,242}$
Below the limit of \$2,000: No Compression	Above the limit of \$2,000: \$242 to compress For a total of \$277 to compress
Total Tax: \$2,587	Total Tax: \$3,000



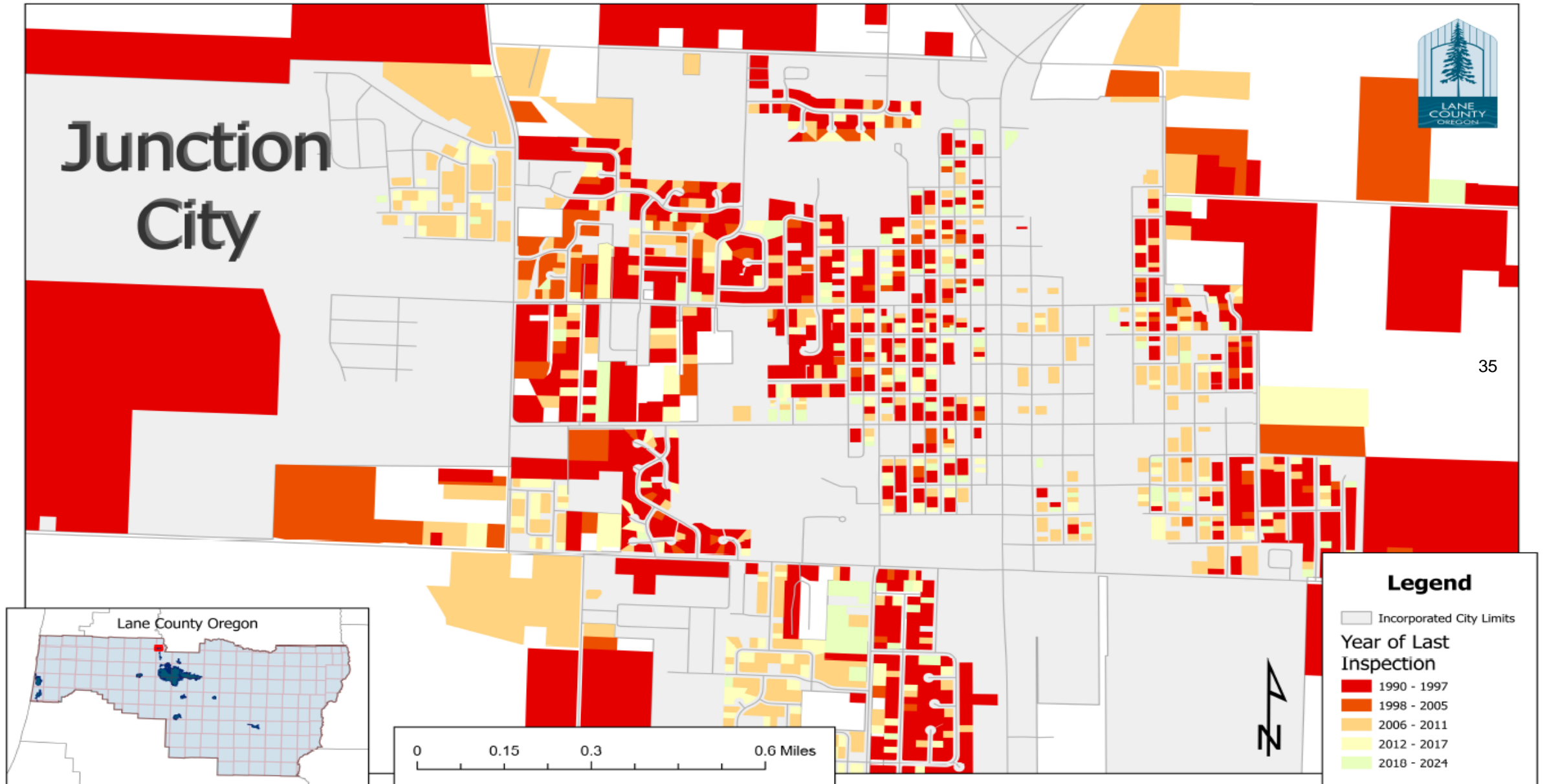
Year of Last Inspection for Residential Properties in City of Florence



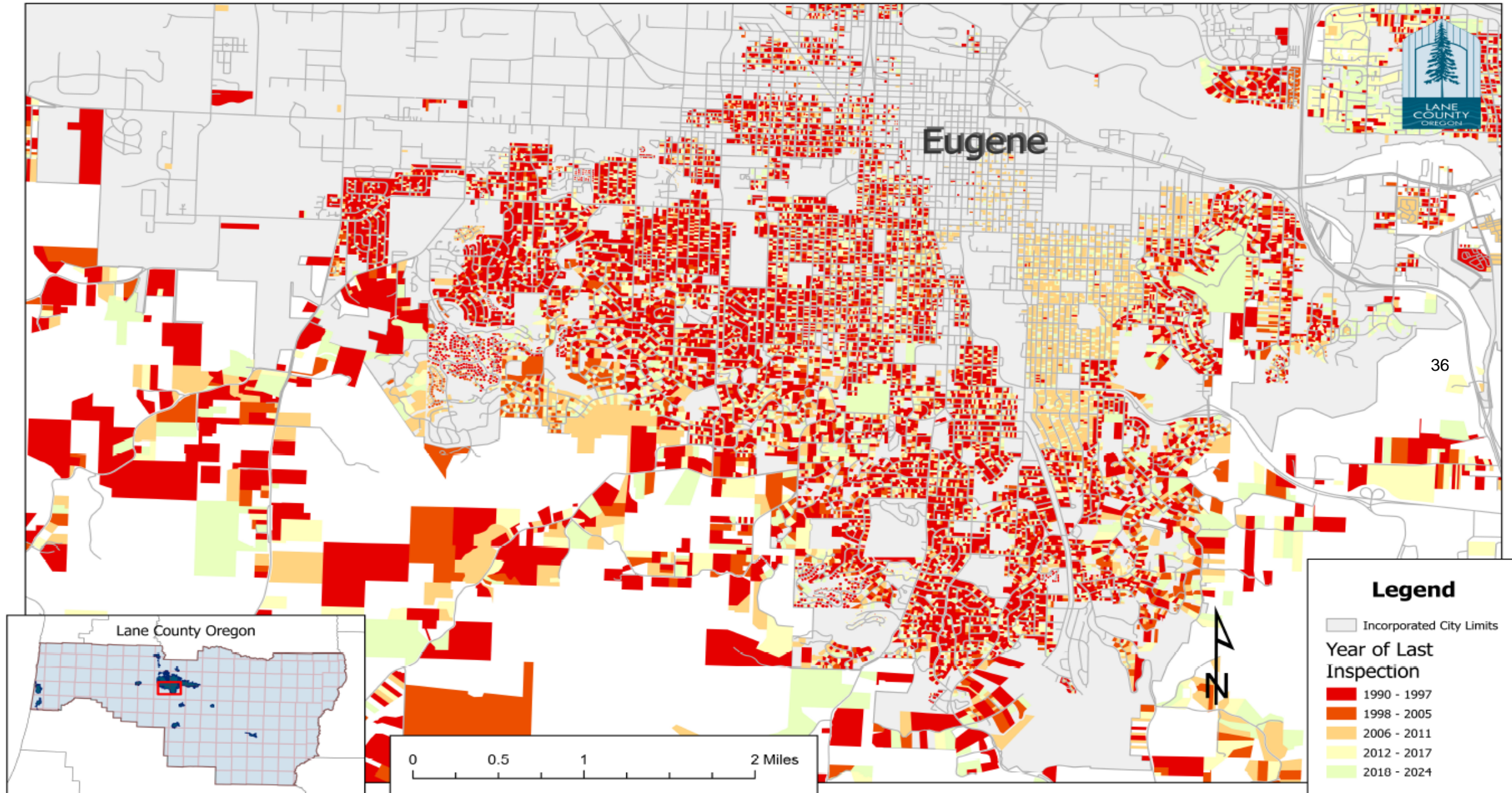
Year of Last Inspection for Residential Properties in City of Veneta



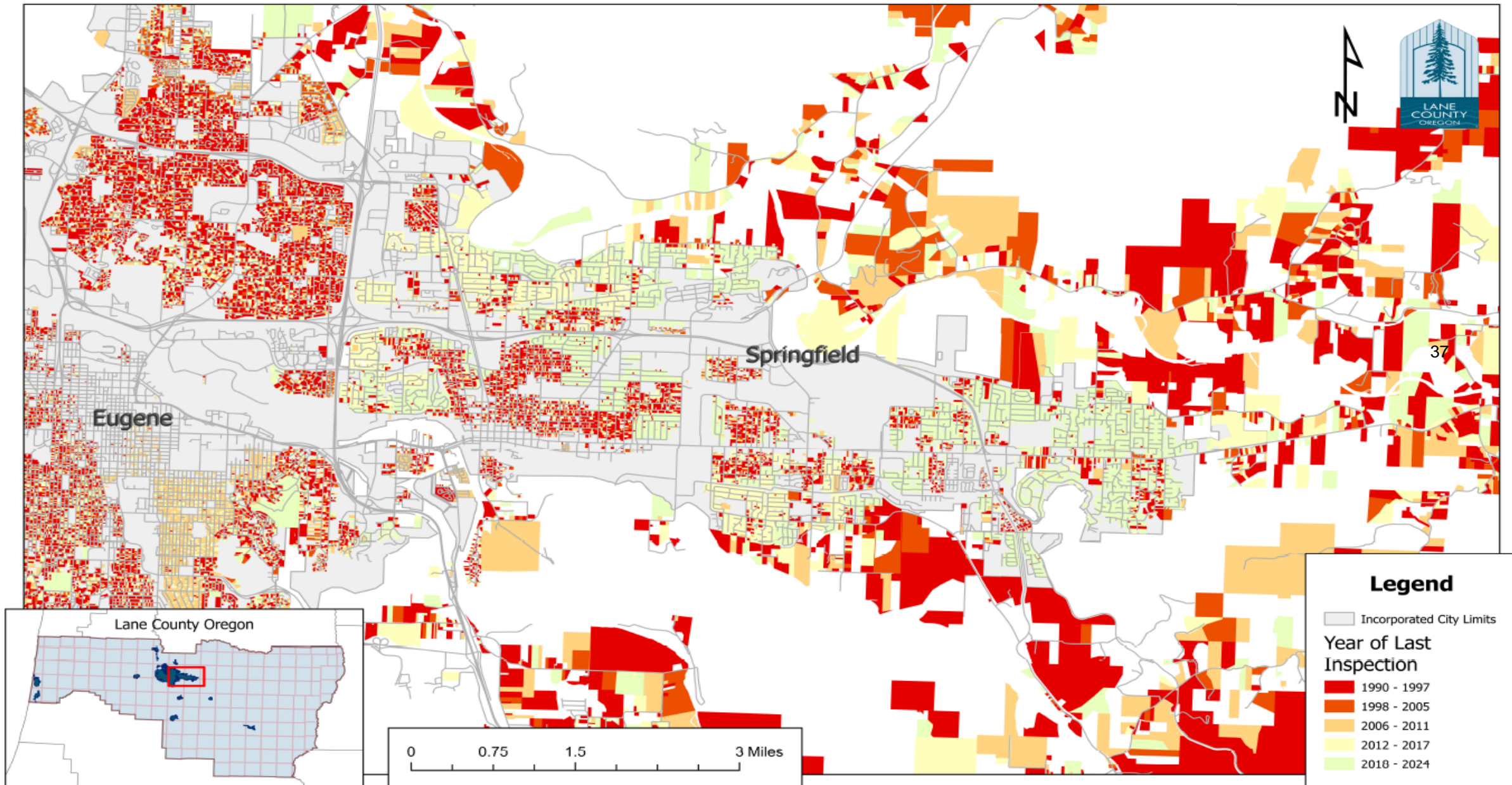
Year of Last Inspection for Residential Properties in Junction City



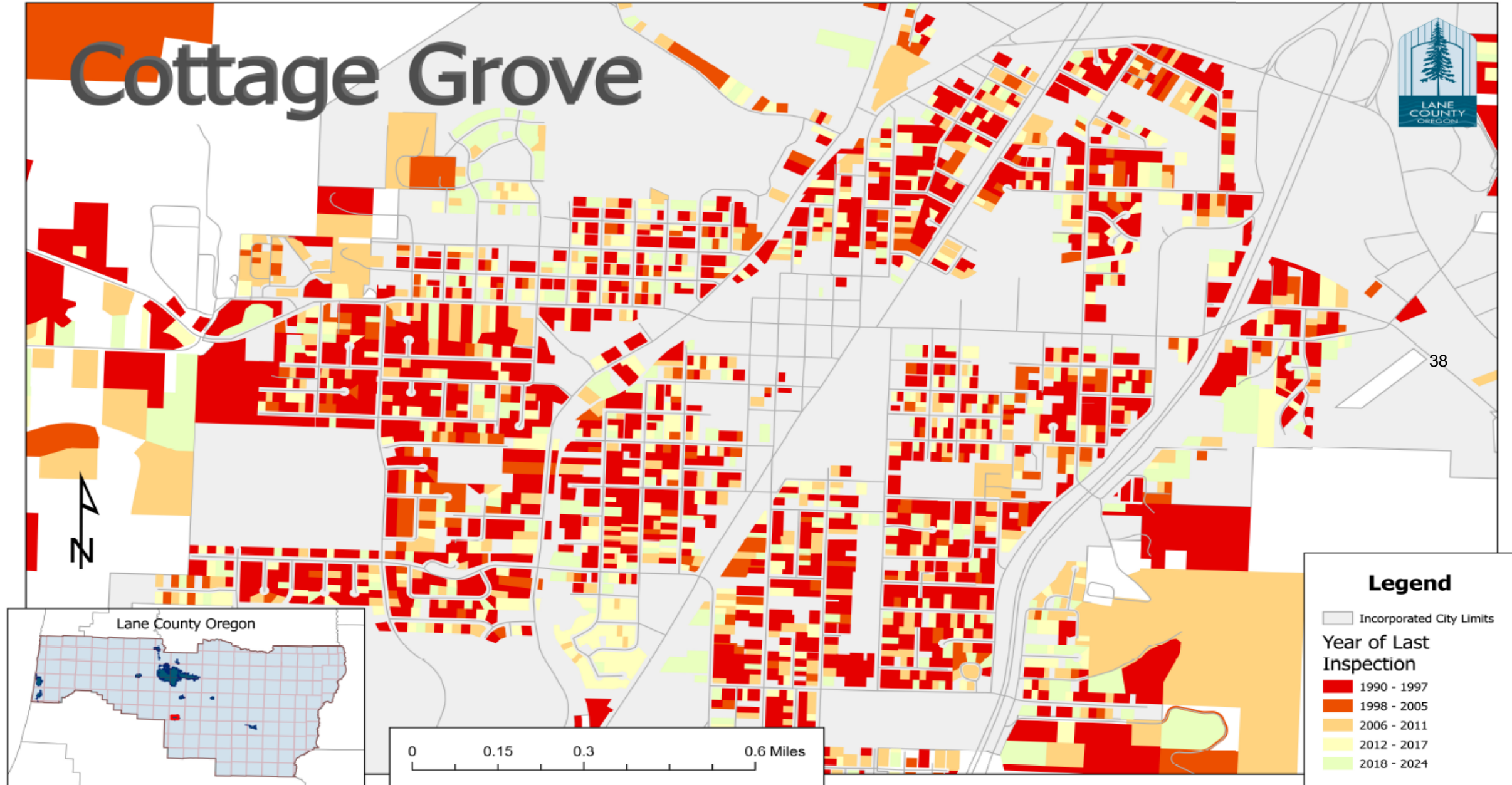
Year of Last Inspection for Residential Properties in City of Eugene



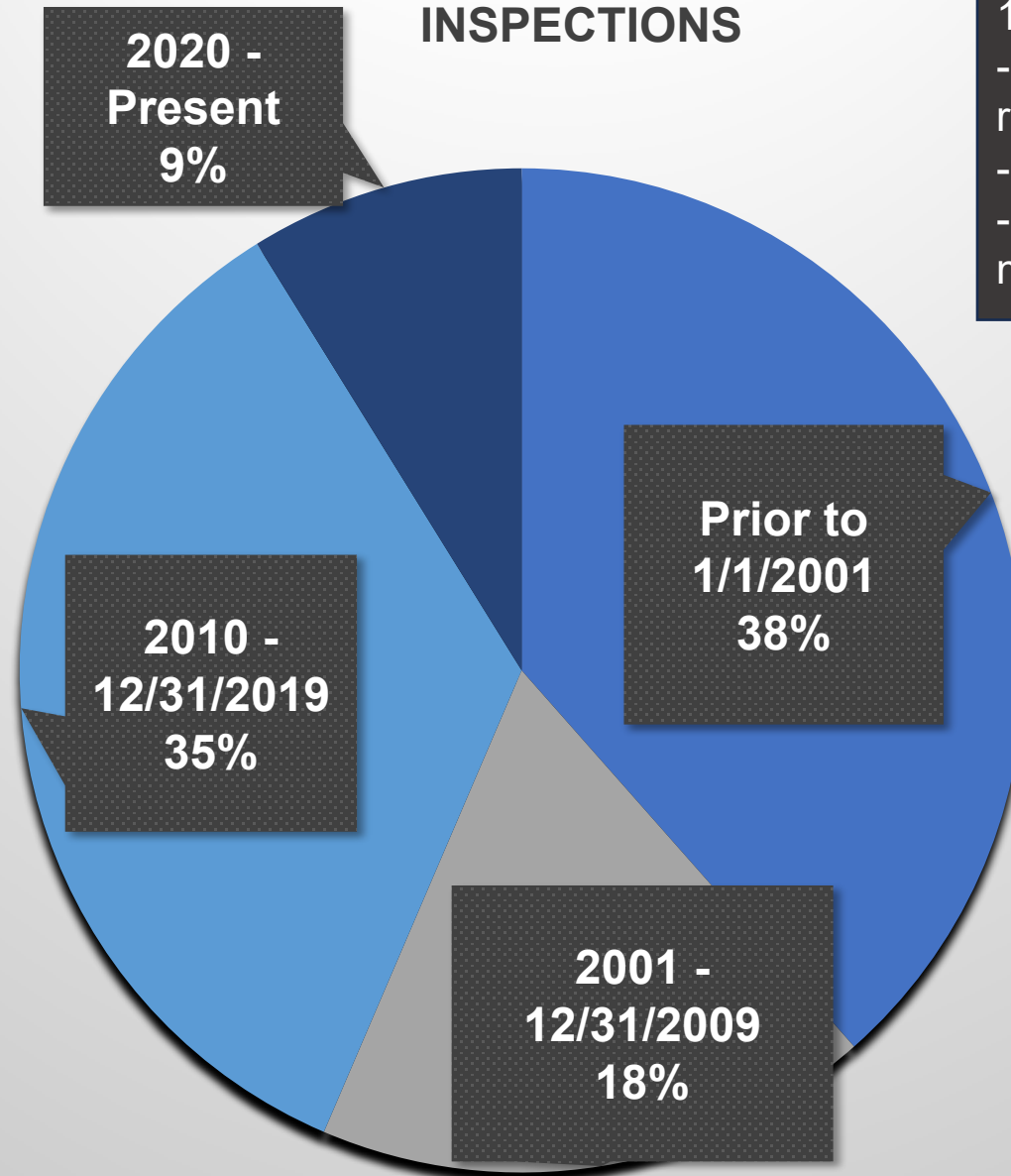
Year of Last Inspection for Residential Properties in City of Springfield



Year of Last Inspection for Residential Properties in City of Cottage Grove



HISTORY OF RESIDENTIAL PROPERTY INSPECTIONS



Measure 50 passed in 1997:
-Ended the 6-year reappraisal cycle
-Created exception events
-High value permits initiate most inspections



How'd we get here?

- Before passage of Measures 47/50 Lane County Assessment and Taxation was on a 6-year reappraisal cycle
- The 6-year reappraisal cycle ended in 1996-97
- Many accounts have not been physically inspected for 25-30 years
- Unreported additions/remodeling/structures go untaxed without field inspections
- Lost revenue due to outdated records (foregone taxes)
- Lost revenue from specially assessed accounts that may not currently qualify
- Unfiled or underreported business property returns escape scrutiny without field audits
- A&T is staffed at 64% of the DOR recommended FTE for a county with the account complexity and size of Lane
- Potential FTE reductions for FY 2025-26



Omitted Property

ORS 311.216



Residence on Twin Tree Court

Single Family Dwelling built in 2018

41

Additional Tax Revenue Collected

- \$11,992 for back years
 - 2020-21
 - 2019-20



Omitted Property

ORS 311.216

Residence on White Tail Court

*Single Family Dwelling
built in 2017*



42

Additional Tax Revenue Collected

- \$12,172 for back years
 - 2020-21
 - 2019-20
 - 2018-19



Omitted Property & Foregone Taxes

Residence on Brenda Ave.
*Single Family Dwelling built in
2012*



Additional Tax Revenue Collected

43

- \$14,980 for back years
 - 2019-20
 - 2018-19
 - 2017-18
 - 2016-17
 - 2015-16
 - 2014-15

Foregone Tax Estimate

- \$4,310 – 2013-14

Omitted Property & Foregone Taxes

Residence on Monroe St.

1,062 Addition, 2nd kitchen, full bathroom addn., porch & patio built in 2007



Additional Tax Revenue Collected

- \$1,779 total for 2021-22

Property sold in 2020 therefore the value increase attributable to the omitted^{4A} property for 2015-2020 is not taxable

Lost revenue estimate (2015-2020) due to bona fide purchaser:

- \$9,412

Foregone Tax Estimate

- \$5,059 – 2008-14

Omitted Property & Foregone Taxes

Residence on Hwy 101

Addition and attached garage built in 2000



Additional Tax Revenue

Collected

- \$803 for 2021-2022

*Property sold in 2021
therefore the value increase
attributable to the omitted⁴⁸
property for 2016-2020 is not
taxable*

Lost revenue estimate (2016- 2020) due to bona fide purchaser

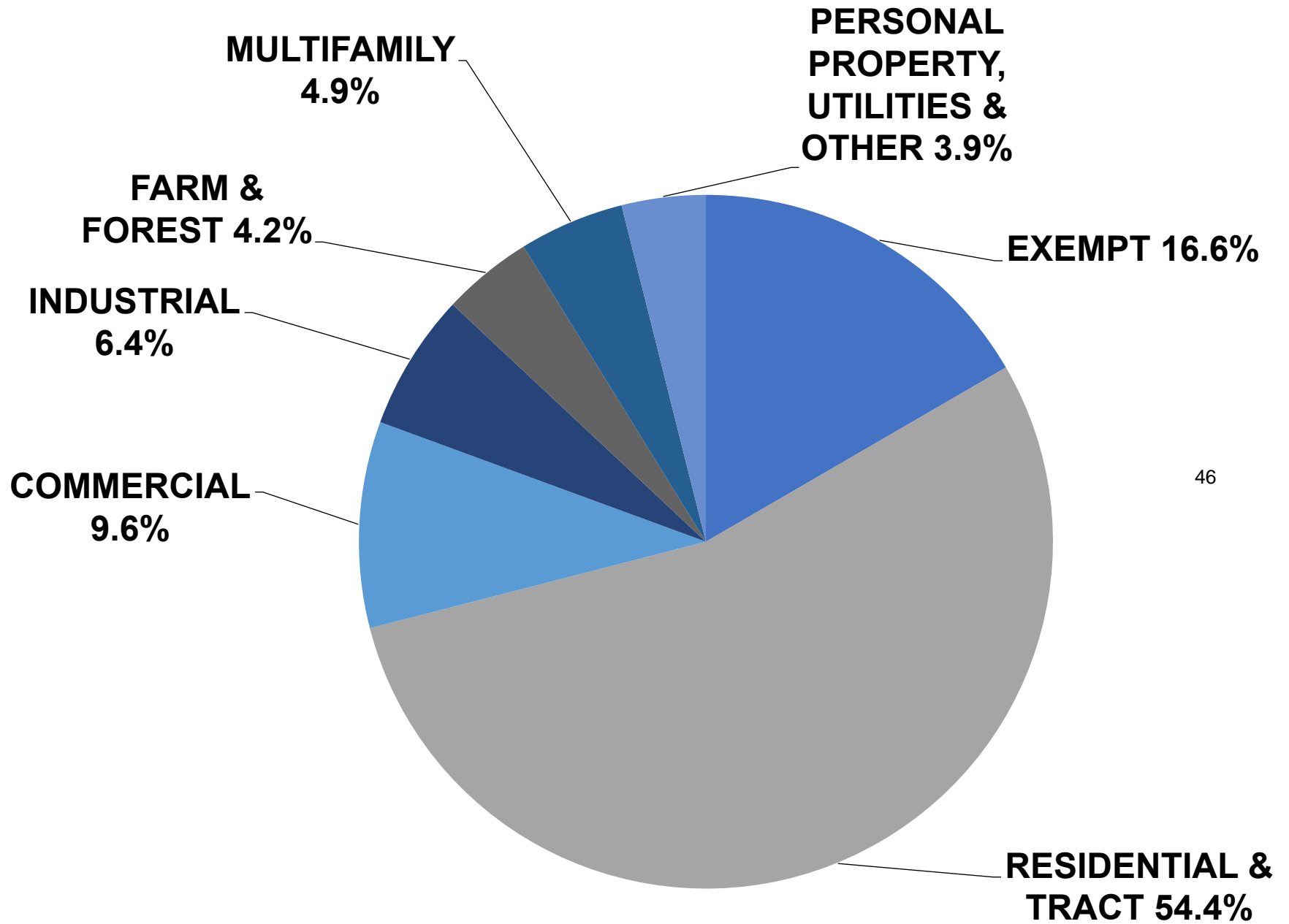
- \$3,218

Foregone Tax Estimate

- \$17,684 – 2001-15



Taxable Value by Property Type



A&T Funding

In the early 1980s, the economy declined; counties struggled to maintain accurate RMVs due to budget cuts

County Assessment Function Funding assistance (CAFFA) grant was created in 1989 (HB 2338).

Funding for CAFFA is provided by:

- Roughly 25% of interest collected on delinquent property
- \$9 fee on recorded documents

CAFFA, at its peak in 2003, covered 35-40% costs of A&T administration

Several legislative bills for A&T funding over the past sessions have been introduced but did not pass

2019 HB 2104
2019 HB 2383
2023 HB 2088

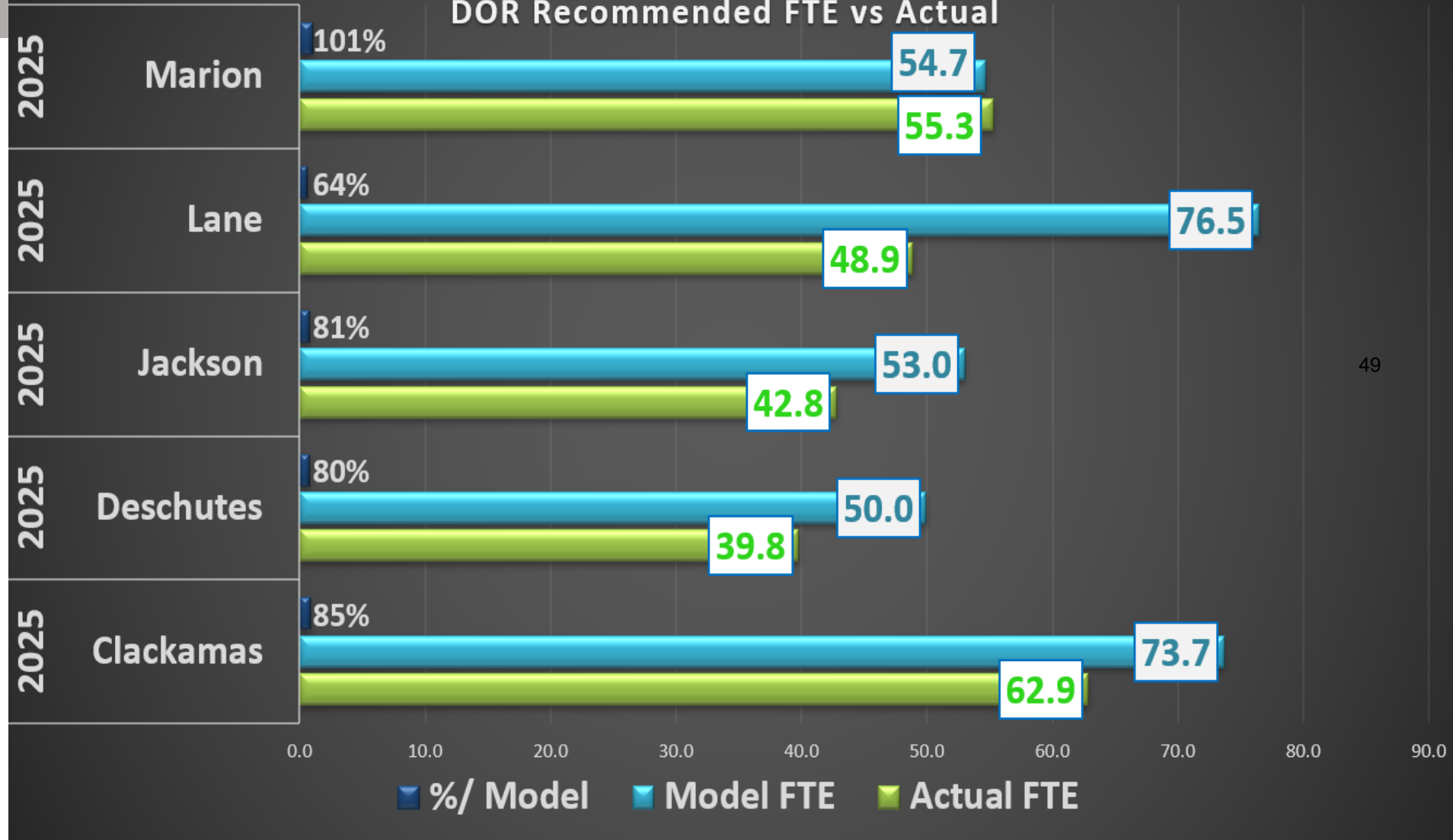


A&T Funding

- Structural issue related to the funding of the administration of the statewide property tax system
- 2023-24 CAFFA only covered 11% of costs for A&T
- Counties general funds must cover the increasing portion of A&T costs
- Counties with a permanent rate of less than \$2 have a seen a 24% decline in staffing since 2007
- Out of 85 districts, Lane County is the only district that pays for the costs to cover A&T services



Comparable Counties DOR Recommended FTE vs Actual



Return On Investment

Example 1

The University of Oregon Institute for Policy, Research and Engagement *Lane County Assessment & Taxation FTE Study Final Report 2023*

- The study targeted residential properties that sold 20% outside of the Real Market
- Data set of 4,000 sales over two years not inspected by appraisal staff
- The property sample within the Eugene urban growth boundary indicated a yield of \$227,663.02 in foregone tax revenue for the 509 properties (out of 4,000) studied
- Expert interviews suggest moving back towards a six- to ten-year appraisal cycle and leveraging technology available to appraisers
- The County should prioritize building permits, kitchen remodels, and buildings last inspected before 1997

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Return On Investment

Example 2

District #1 Personal Property (DIPP) Project conducted by the National Policy Consensus Center, Hatfield School of Government, Portland State University, 2017

- Multiple counties collaborated to share personal property appraisal staff
- Pilot a project targeted at identifying county businesses who were not filing personal property returns with assessment and taxation offices
- The ROI for Lane County equaled \$10.7 million in RMV and an increase in tax receipts which totaled almost \$157,000 for the first year
- The public awareness campaign generated an increase in personal property tax return filings total of \$511,00 new tax receipts for the county

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Data source: Hatfield School of Government, Portland St. University, DIPP Report

Return On Investment

Example 3

2024 New Business Outreach Project

- 3,151 Letters sent to potential new businesses not filing a Business Personal Property Return
- 1,464 Responses – 46%
- 493 New Business Personal Property accounts created
- 56 Taxable accounts – over the value threshold of \$22,500
- 25 Accounts owed for back taxes (omitted property)
- \$113,735.07 added for omitted property for 2024
- \$4,680,921 Total Taxable Value added to the roll for 2024

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Partnerships & Innovation

- Lane County - Planning actions from Public Works integrated in Inspection Tracker
- City of Eugene – Weekly permit/plans report
- Commercial/Industrial Valuation Tables
- Generative AI – Predictive analytics to prioritize reappraisal
- C3ai – Pilot project

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2025 Legislative Session A&T Funding

OSACA & OACTC

The top legislative priority for Assessors and Tax Collectors in 2025 is increased and stable Assessment and Taxation funding from the state.

Lane County Legislative Priority

Seek a revenue source to reverse the historical decline in County Assessment Function Funding Assistance (CAFFA).



2025 AOC Legislative Priority

“Sustain and protect the property tax asset to the benefit of all property owners and taxing districts through adequate, equitable, and stable funding⁵⁴ for county assessment and taxation programs.”

Assessors and Tax Collectors attended every AOC District meeting with a consistent message of appreciation and highlighting the importance of their legislative priority.

2025 Legislative Session

HB3518

- Increased recording fees from \$9 to \$18
- 0.3% holdback of imposed taxes less bonds
- Tier 1 & Tier 2 delinquent interest retained by districts
- \$10M – State GF biennium contribution
- Current CAFFA covers 10-11% of county A&T costs
- If passed, CAFFA would cover 25% of county A&T costs

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HB2334

- Establishes a Task Force to study and report on impacts of Measure 5 and 50 on cost of public higher education

HB2335

- Establishes a Task Forces to study and report on the past and future impacts Measure 5 & 50 have on small and large taxing jurisdictions





LANE COUNTY BOARD OF COMMISSIONERS

Heather Buch
Ryan Ceniga
Pat Farr
David Loveall
Laurie Trieger

March 11, 2025
House Committee on Revenue
HB 3518—Relating to Funding County Assessment Functions

Dear Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee:

The Lane County Board of Commissioners is in support of the overarching concept of HB 3518; re-enabling County Assessors and Tax Collectors to maximize the property tax collections for the taxing districts within their respective counties. As introduced, HB 3518 would stabilize, diversify, and index the County Assessment Function Funding Assistance Account (CAFFA) funding mechanisms.

We find these elements to be appropriate public policy and thank you and the Committee for addressing an issue that has gone largely overlooked since the recession of 2008 and the Legislature's claw back of State General Fund support for CAFFA. Underfunded A&T offices lead to inadequate staffing where money is being left on the table and some Oregonians not paying their fair share to support schools, police, fire protection, and other government services.

- Unreported additions/remodeling/structures go untaxed without field inspections.
- Unfiled or underreported business property returns escape scrutiny without field inspections.
- A reduction of staff leads to less time spent with customers. An example is veterans and surviving spouses on the Veterans Exemption Program. Serving this population well involves spending considerable time explaining the complicated program requirements and benefits.

The original intent of the CAFFA fund was to support 30-40% of the cost of Assessment and Taxation function. Yet in FY 2023-24, the CAFFA fund paid just 12% of the statewide cost of the A&T system. County governing bodies ensured the remaining 88% was funded but in many counties this investment often failed to keep pace with inflationary increases in costs. If passed, CAFFA would subsidize 25% of county's cost to administer the local tax system.


In Lane County:

- Our Assessor/Tax Collector certified \$720,933,353.66 in taxes on behalf of 85 taxing districts in fiscal year 2024-25.
- Our staffing levels are one of the lowest per account in Oregon. The Oregon Department of Revenue suggested level of staffing for Lane County is 76 FTE. Current staffing is 48 FTE.

The 2024-25 certified tax roll for Lane County A&T showcases the dedication of 48 full-time employees, who contributed to adding \$2,373,939,410 in new taxable assessed value to the roll. Between the permanent rate, Public Safety and Parks local option levies, this equates to \$4,722,477 in new tax revenue to the county. This value is not automatic or guaranteed, rather as a direct result of A&T staff valuing properties and completing the work to extend that value onto the tax roll for collection and distribution to the districts.

Stable indexed funding will help maintain experienced A&T staffing, enhance accurate, timely, and reliable assessment values, improve fairness to taxpayers and provide increased tax revenue to taxing districts.

Sincerely,



Commissioner David Loveall,
Chair Lane County Board of Commissioners