

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number: SB 563 A
Revenue Area: Property Tax
Economist: Dae Baek
Date: May 18, 2009

Measure Description: Dedicates all deposits of interest charged and collected on late payment of property taxes to funding of county assessment and taxation function. Applies to tax years beginning on or after July 1, 2009.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
Counties	\$13.88	\$15.72	\$29.60	\$31.63	\$26.34
Other Local Governments	-\$5.95	-\$6.73	-\$12.68	-\$13.55	-\$11.29
Schools, ESD's, and Community Colleges	-\$7.94	-\$8.98	-\$16.92	-\$18.08	-\$15.06

Impact Explanation: All the taxing districts other than counties will lose their share of non-CAFFA (County Assessment Function Funding Assistance) portion of delinquent interest.

According to the Department of Revenue (DOR), counties annually collect around \$28 million in interest on delinquent property tax accounts (or delinquent interest). Approximately \$12 million funds the CAFFA program and is distributed back to county government districts according to the CAFFA formula established by the DOR. Remaining \$16 million is distributed to the taxing districts as unsegregated funds whose distribution is proportional to a district's share of total property tax in the county.

The DOR reports that the distribution of the non-CAFFA portion (\$16 million) can be approximated using the general unsegregated tax percentage schedule for the FY 2008-09 as follows: counties 19%, cities 22.4%, other districts 12.3%, and schools, ESD's, and community colleges 46.3%.

Under the current law (ORS 311.508), the DOR is to estimate the CAFFA portion of delinquent interest. The DOR projects that the CAFFA portion of delinquent interest will be \$13 million annually for the next two years. \$13 million is the statutory maximum that can be allocated for CAFFA funding out of delinquent interest. The non-CAFFA portion of delinquent interest is assumed to be distributed to the taxing districts according to the general unsegregated tax percentage schedule for the FY 2008-09.

Creates, Extends, or Expands Tax Expenditure: Yes No