

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 2436                      **STATUS:** A-Engrossed  
**SUBJECT:** Establishes county document recording fee  
**GOVERNMENT UNIT AFFECTED:** County government, Housing and Community Services Department  
**PREPARED BY:** Michelle Deister  
**REVIEWED BY:** John Borden  
**DATE:** February 7, 2009

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	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
<b>EXPENDITURES:</b>		
Housing and Community Services - Administration - Other Funds	\$ 699,994	\$ 1,168,315
Housing and Community Services – Special Payments - Other Funds	\$ 14,458,672	\$ 25,323,212
Counties – one-time/implementation costs	\$ 812,000	-
Counties – ongoing collection costs	\$ 331,000	\$ 374,400

	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
<b>REVENUES:</b>		
<b>See Legislative Revenue Impact Statement</b>	\$ 15,158,666	\$ 26,491,527

<b>POSITIONS / FTE:</b>		
Housing and Community Services Positions/FTE	7/4.74	9/7.92

**EFFECTIVE DATE:** 91<sup>st</sup> day after regular session adjournment Sine Die.

**GOVERNOR’S BUDGET:** This bill is not anticipated by the Governor’s recommended budget.

**LOCAL GOVERNMENT MANDATE:** *This bill may affect some individual counties’ service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution for those local jurisdictions. Section 15, Article XI, however, does not take effect if a bill is passed by a three-fifths majority in both chambers of the Legislature. Since, this bill requires passage by a three-fifths majority, requirements under Section 15, Article XI do not apply.*

**ANALYSIS:** This measure adds a new \$15 fee to the existing fees pertaining to deeds and mortgage records filed with county clerks, with some exclusions (e.g. mining claims, warrants issued by the Employment Department, and an exemption for the Department of Revenue), and creates a new statutory account within the Housing and Community Services Department (HCSD). Moneys collected from the fee are to be used by HCSD for housing related programs in the following manner:

- 76 percent of the moneys must be deposited into a new General Housing Account created by the bill, and established by amending ORS 458.620. Funds deposited into the account may be used to support the activities of HCSD. HCSD states the intention is to use funds deposited into the General Housing

Account to finance multi-family affordable rental housing, and to provide training, technical and financial assistance to community housing partners to address local affordable housing needs.

- 10 percent of the money must be deposited into the existing Emergency Housing Account established under ORS 458.620, and used for purposes including emergency shelter, transitional and supportive housing services, and emergency assistance payments to homeless persons and those at risk of becoming homeless.
- 14 percent of the money must be deposited into the existing Home Ownership Assistance Account created under ORS 458.620 and used for purposes including construction of new or rehabilitation of existing housing for persons of low or very low income, down payment assistance and homeownership education.

The Legislative Revenue Offices estimates that this measure will generate \$15 million for the 2009-11 biennium and \$26.5 million for the 2011-13 biennium.

The \$15 fee would be collected by county government as part of the collection of other existing fees. The number of documents to which the fee would apply depends on the volume of deed and mortgage transactions. County clerks report a fiscal impact to implement this measure. One-time costs associated with reprogramming existing accounting systems, updating fee schedules and public informational materials, and training across the 36 counties are estimated at \$812,000. Ongoing auditing and reconciliation of the new fee is estimated at \$187,200 per year.

The revenue and resulting contract administration will result in staffing needs at HCSD, including contract management and coordination, general office and administrative support, fiscal management (including accounting, auditing, payment processing and procurement), program evaluation (including data collection, analysis, and outcome reporting), and asset management related to the development of multifamily rental housing. Administration costs are estimated to be 4.4% to 4.6 % of the total anticipated revenue and are estimated at \$699,994 Other Funds for the 2009-11 biennium (7 positions/4.74 FTE) and \$1.2 million Other Funds for the 2011-13 biennium (9 positions/7.92 FTE).

HCSD states the intention is to use funds deposited into the General Housing Account to finance multi-family affordable rental housing, and to provide training, technical and financial assistance to community housing partners to address local affordable housing needs. After administrative expenses were paid, the Department would expend the balance as Special Payments for these purposes.

The Housing and Community Services Department budget has not yet been heard, but can be adjusted to accommodate passage of this legislation.

The amendment resolves a conflict regarding interest accruing to the newly created General Housing Account and exempts the Department of Revenue from paying the proposed document recording fee, thus eliminating the estimated fiscal impact to the Department.

There is a minimal fiscal impact to state agencies that are required to pay document recording fees as part of their normal business operations (e.g., Department of Business and Consumer Services and Department of Transportation).