



Commissioner Deborah Kafoury, District 1

MULTNOMAH COUNTY OREGON

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Portland, Oregon 97214**

Thank you Chair Burdick and Members of the Committee. My name is Deborah Kafoury, Multnomah County Commissioner.

Multnomah County supports House Bill 2676 and its elimination of the sunset clause on the mandatory cancellation of the tax assessments for manufactured structures with values less than \$12,500. Our experience over the past two years is that the tax cancellation has allowed us to reduce administrative costs and at the same time provide tax relief to a vulnerable segment of our population; a segment with no safety net that is a broken car or medical emergency away from financial disaster.

In 2012, of the 4751 manufactured structures in Multnomah County-- 51%, were under the cancellation threshold. Manufactured structures under the threshold tend to be older and in poorer condition. The County cancelled an estimated \$340,210 in taxes. While it may seem counterintuitive to be cutting taxes at a time when there is a need for revenue, many of these accounts remain unpaid and there is a high cost to billing, servicing and collecting these accounts.

In fact, our Taxation and Assessment Department estimates that we are saving approximately \$100,000 per year as a result of this law. We have been able to reorganize and eliminate the equivalent of one staff position and have saved funds from eliminating mailings, recording warrants, billing and processing payments on these accounts.

A report created by the Manufactured Home Owners of Oregon in 2008 concluded two thirds of households in manufactured homes make less than \$30,000 per year, 41% make less than \$20,000 and 13% less than \$10,000 and 54% of the owners are 55 or older.

Manufactured structures are considered personal property and are collected in the same manner. Because of the high number of structures we have under the threshold, we have found them to be costly and difficult to collect. Collection of delinquent taxes on these low value manufactured structures is complicated by the demographic of the owners and the condition of the property. Seizure and sale of property is allowed by statute, but not practical, given the low values and logistical difficulties in eviction of owners, seizure, and possible relocation and resale of the homes. Some are in such poor condition, demolition on site would be the only option. If taxpayers are unable or unwilling to pay their taxes, enforcement options are limited.

Beyond all the discussions of cost savings and cancelled taxes, this legislation directly affects some of the most vulnerable citizens in our community. They're people for which the small amount of taxes on their manufactured structures can represent a significant part of their discretionary income. Cancellation of their tax is a small price compared to the cost to the community if the county were forced to seize property and evict owners with limited options and no safety net; all for an average of \$140 in property taxes.

Multnomah County supports this legislation. Over the past two years it's proven to be cost effective for the county in addition to providing a small amount of relief to a vulnerable segment of our population.

Sincerely,