



Department of County Management
Division of Assessment, Recording & Taxation

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House Bill 2676
Testimony of Multnomah County Program Manager Richard Teague
Before the Oregon House Revenue Committee
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Thank you Chair Barnhart and Members of the Committee. My name is Richard Teague, Industrial and Personal Property Program Manager for Multnomah County's Division of Assessment, Recording and Taxation.

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 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, we estimate we are saving approximately \$100,000 per year as a result of the manufactured structure tax cancellations. We were able to reorganize and eliminate the equivalent of one position, saving \$73,000. The associated costs and fees for mailings, recording warrants, billing and processing payments are approximately \$27,000.

A report created by the Manufactured Home Owners of Oregon in 2008 concluded two thirds of households in mobile homes make less than \$30,000 per year, 41% make less than \$20,000 and 13% less than \$10,000. 54% of the owners are 55 or older, 29% are 65 or older and 17% are 75 or older. It paints a picture of a poorer demographic with more than half over the age of 55.

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.