

**Testimony on House Bill 2132**  
**House Committee on Consumer Protection & Government**  
**Effectiveness**

**March 10, 2015**

**Presented by: Tom Linhares**

**Representing the Oregon State Association of County Assessors**

Chair Buehler and members of the committee, thank you for this opportunity to speak on behalf of the Oregon State Association of County Assessors (OSACA) in support of House Bill (HB) 2132.

My name is Tom Linhares and my address is 740 Golden Pheasant Drive, Redmond, Oregon. I have worked in the assessment and taxation field for over 30 years and I am here today representing OSACA.

HB 2132 has two components:

First, Section 1 of the bill would allow counties to charge the Oregon Department of Forestry (ODF) an administrative fee for placing what is called "fire patrol assessment and fire patrol surcharges" on the assessment and tax roll to be billed and collected along with the more traditional ad valorem property taxes for counties, cities, schools and special districts.

Secondly, Section 2 would allow ODF and a county to enter into an agreement to have ODF pay a one-time only administrative fee whenever forest land classifications within the county are updated or any other project undertaken by ODF that would require counties to spend extraordinary time and resources to implement the project at the county level.

Charging an administrative fee under Section 1 would be permissive such that it is possible, indeed likely, that not all counties would charge the fee. And the fee is limited to one percent (1.0%) of the total amount imposed in the prior year for ODF's fire patrol and surcharge amounts. It is also likely that most counties would not charge the full one percent.

But if all counties did impose the maximum one percent the total amount that could have been charged state-wide in 2014-15 would have been \$201,180.80. A list by county is attached.

Funding to pay for fire suppression expenses is complex and multi-layered. The assessment and surcharge is a major component of that funding mechanism. In 2014-15 over \$20.1 million was imposed by 35 counties on behalf of ODF. (Sherman County has no forest land within its boundaries.)

ODF has the option of billing property owners directly [ORS 477.270(1)(b)]. In fact, ODF does bill public land owners directly since Federal, state and local owners do not receive a property tax bill. ODF also includes administrative costs in the fire patrol assessments billings to public land owners. (Letter from State Forester Marvin Brown to Public landowners dated September 1, 2009.)

We appreciate the importance of ODF's fire patrol assessments and surcharges in funding fire suppression efforts on forest land. We also appreciate that fifty percent of any administrative fee is passed on to property owners in the form of a higher fire patrol assessment rate while the other fifty percent would be borne by the State General Fund.

But the current system is less expensive than if ODF billed all forest land owner directly, which is why they chose to collect the private land owner portion of fire suppression costs through the property tax system. Counties are in effect doing part of ODF's work for them without any reimbursement for administrative costs. At the same time, ODF is at least partly reimbursed for its administrative efforts.

HB 232 simply allows for the same fair treatment for counties' considerable administrative costs.

There are a number of other non-ad valorem assessments that county assessors add to the assessment roll. These include delinquent sewer charges for cities, per acre or per property tax account dollar amounts for drainage districts and drainage improvement companies and a \$6 fee on all personal property manufactured structures for the Oregon Housing Authority to assist landlords and tenants in manufactured home parks.

The ODF fire patrol assessment is substantially different and is much more labor intensive. This is due to:

- 1) If a property is also within the boundaries of a rural fire protection district and is improved with a structure, then only the first five acres and the improvements are subject to the rural fire protection district's ad valorem property tax. All of the acres, including the five acres, are subject to ODF's fire patrol assessment. This requires either special computer programming or the creation of new tax code areas (that exclude the acres that are not subject to the rural fire protection district's tax levy) and separate property tax accounts.
- 2) In many areas there are two per acre rates, one for "timber" land and a separate rate for "grazing" land.
- 3) While the rate provided by ODF is per acre, there is a minimum, currently \$18.75 per tax lot. So for smaller tax lots computer programming is necessary and this gets even more complicated if the tax lot is broken down into multiple property tax accounts since the minimum can only be applied once.
- 4) For "improved" tax lots there is an additional surcharge, currently \$47.50.

- 5) Fire patrol assessments and surcharges are certified to counties by the various ODF Districts. The information provided to the counties is not uniform and some ODF Districts do a better job than others in detailing the information county assessors need to place the amounts on the assessment roll.

The fire patrol assessments and surcharges requires county assessors to install special computer programs and to create hundreds of tax code areas and thousands of property tax accounts to accurately calculate the fire patrol assessments and surcharges and the rural fire district's tax levy.

It should be pointed out that four counties have for years charged ODF an administrative fee under agreements that go back decades. Those counties, the amount of the 2014-15 fee and the percentage those fees are to the total fire patrol assessments and surcharges imposed are listed below.

<u>County</u>	<u>Fee</u>	<u>% of Fire Patrol</u>
Grant	\$1,000	0.12%
Umatilla	\$1,500	0.36%
Union	\$2,451	0.57%
Wallowa	\$1,300	0.25%

The reason Union County's fee is higher is that the longstanding agreement with ODF has an inflation factor which adjusts the fee every year.

We want to thank ODF for abiding by these agreements and we certainly do not want to suggest anything that would preclude these counties from continuing to collect these administrative fees. HB 2132 would simply allow all of the other counties to do the same.

Mr. Chair and members of the committee, Thank you for this opportunity to explain why OSACA requested the introduction of HB 2132.

I would be happy to answer any questions.

<u>County</u> ▼	<u>Fire Patrol &amp; Surcharge</u>	<u>Fee @ 1%</u>
Baker	274,551.33	2,745.51
Benton	424,333.26	4,243.33
Clackamas	1,026,628.59	10,266.29
Clatsop	515,494.09	5,154.94
Columbia	687,912.03	6,879.12
Coos	796,837.25	7,968.37
Crook	220,104.88	2,201.05
Curry	376,896.73	3,768.97
Deschutes	1,971,215.84	19,712.16
Douglas	1,507,865.84	15,078.66
Gilliam	12,243.04	122.43
Grant	818,439.17	8,184.39
Harney	86,300.85	863.01
Hood River	232,431.51	2,324.32
Jackson	2,016,026.14	20,160.26
Jefferson	181,943.26	1,819.43
Josephine	1,509,670.00	15,096.70
Klamath	392,255.00	3,922.55
Lake	460,086.46	4,600.86
Lincoln	657,339.59	6,573.40
Lane	1,395,847.38	13,958.47
Linn	313,660.96	3,136.61
Malheur	6,823.41	68.23
Marion	254,140.53	2,541.41
Morrow	180,230.01	1,802.30
Multnomah	87,249.81	872.50
Polk	419,777.36	4,197.77
Tillamook	469,692.92	4,696.93
Umatilla	417,305.31	4,173.05
Union	429,815.47	4,298.15
Wallowa	516,324.91	5,163.25
Wasco	323,392.98	3,233.93
Washington	461,889.26	4,618.89
Wheeler	427,491.35	4,274.91
Yamhill	245,863.65	2,458.64
	20,118,080.17	201,180.80