

County Assessment Function Funding Assistance Account (CAFFA) Overview

The 1989 Legislative Assembly enacted House Bill 2338 in response to statewide deterioration in the property tax system caused by a variety of factors, including a lack of local funding. This legislation established an annual grant program to help finance assessment and taxation costs. Funding for the grants come from document recording fees and a portion of the interest from delinquent property taxes.¹ Each county turns over their share of the recording fees and interest from delinquent taxes to the Department of Revenue (DOR) which then redistributes these funds back to the counties for budgetary support of assessment and taxation. Grant monies also help support DOR's industrial and utility property appraisal responsibilities and other assessment and taxation system activities (up to 10% of funds are available to DOR).

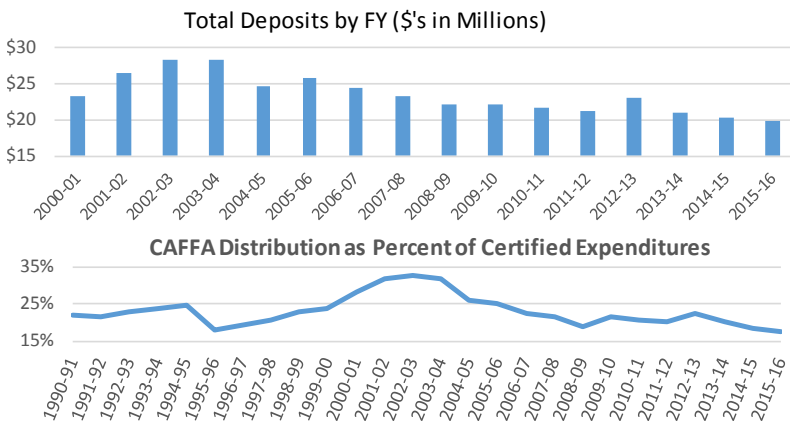
To receive the grant, each county must annually submit an application to DOR that includes its annual budget for assessment and taxation expenditures as approved by the county governing body. DOR reviews each application to determine if the county budget will provide the resources to adequately perform property assessment and taxation functions. If the proposed budget is inadequate, the Department works with the county to bring the proposed budget to adequacy. The county's share of grant funds are withheld until adequacy is achieved.

CAFFA Deposits by Fiscal Year and Source (\$'s in Millions)					% of CAFFA
Fiscal Year	Delinquent Interest	Recording Fees	Legislative App.	Total Deposit	Distribution of County A&T Admin. Costs
2000-01	12.7	8.1	2.5	23.3	28%
2001-02	14.0	10.1	2.5	26.6	32%
2002-03	14.1	11.8	2.4	28.3	33%
2003-04	13.5	12.4	2.5	28.4	32%
2004-05	11.7	10.5	2.5	24.7	26%
2005-06	12.2	11.3	2.5	25.9	25%
2006-07	11.9	10.2	2.5	24.5	23%
2007-08	12.3	8.5	2.6	23.4	22%
2008-09	12.9	7.2	2.1	22.1	19%
2009-10	15.1	7.0		22.1	22%
2010-11	14.9	6.8		21.7	21%
2011-12	14.7	6.6		21.3	20%
2012-13	15.6	7.6		23.2	22%
2013-14	14.9	6.1		21.0	20%
2014-15	13.9	6.4		20.3	18%
2015-16	12.8	7.1		20.0	18%

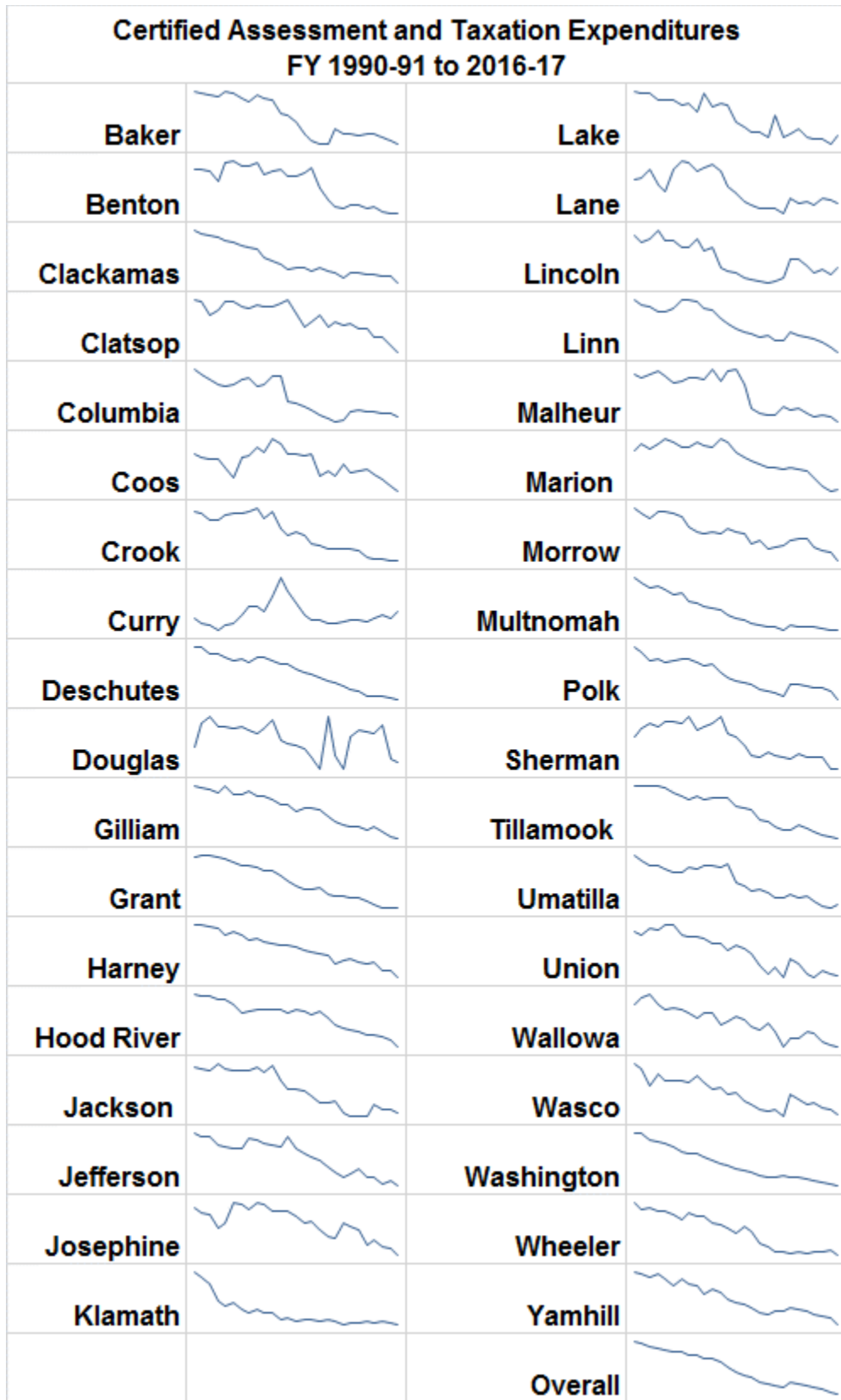
Each county receives a share of the CAFFA grant funds based upon the percentage that their certified assessment and taxation budget bears to the total of certified county assessment and taxation budgets statewide.

CAFFA Funding

The CAFFA grant is funded through a combination of a portion of property tax delinquent interest and a \$10 dedicated document recording fee. Beginning in FY 1999-00, appropriations from the State General Fund were added to the CAFFA distribution (generally around \$5 million per biennium). FY 2008-09 was the last year a General Fund appropriation was made. During the 1990's, average CAFFA distributions represented approximately 22% of total statewide county assessment and taxation administration costs. This increased to an approximate average of 26% during the 2000-2010 period and since 2010 has averaged about 20%.



¹ Examples of documents subject to recording fee include: deeds, mortgages and liens.



Sources: Report of the *Taxing District Property Tax Stabilization Review Group* to the Governor's Federal Forest Payments & County Services Task Force – 2008 • CAFFA reports as received from DOR