

# CAFFA Forecast

April 2017

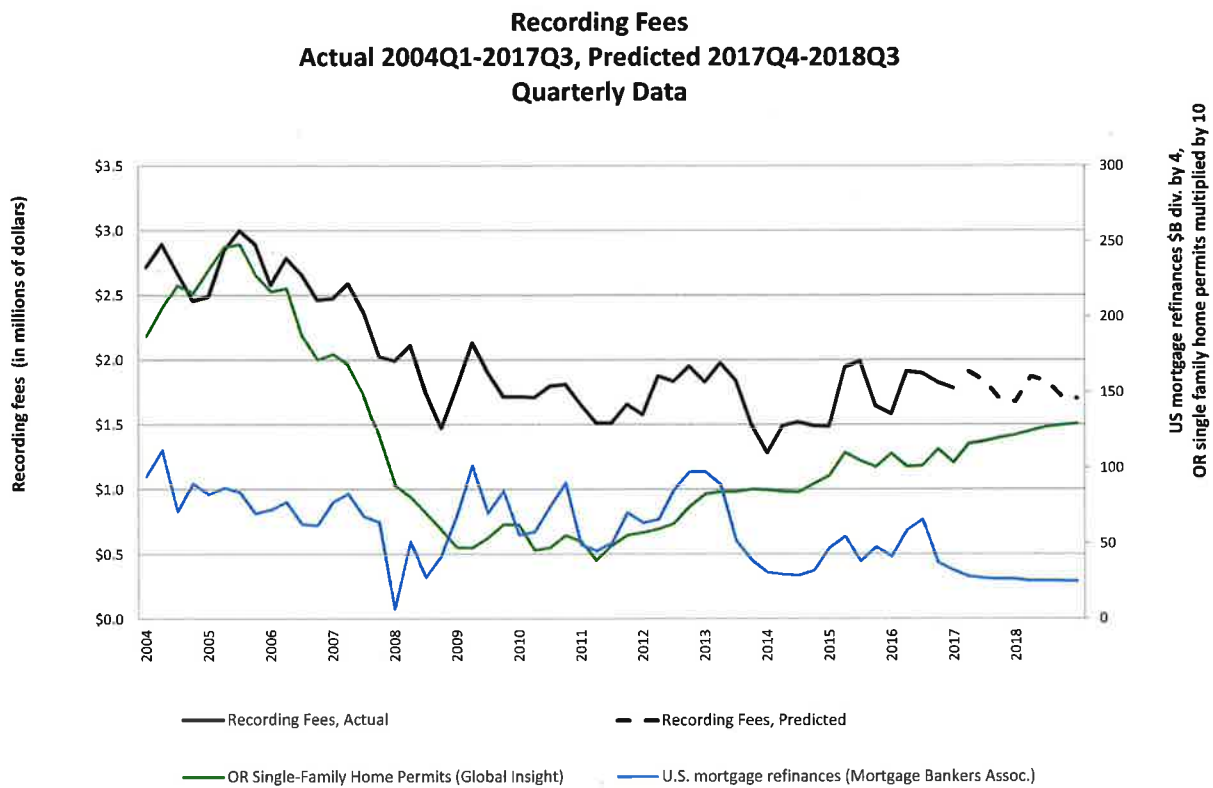
Prepared by Tim Fitzgerald, DOR Research Section

The total CAFFA funds to be distributed to counties in FY 2017-18 are projected to total \$18.16 million, and \$18.19 million in FY 2018-19. The amount of delinquent interest going to CAFFA Tier 1 should be certified at 30.51% for 2017-18.

There are two major components of the CAFFA forecast: recording fees and delinquent interest. This forecast is slightly more optimistic for both than the forecast released in April 2016, but overall revenue for the CAFFA program is still expected to stay relatively flat. See the detail spreadsheet for more information.

**Recording fees** in Oregon have varied a great deal since the housing market crash. As the housing and refinance markets have improved, the amount of recording fees collected have increased substantially over the last few years.

The two primary factors we consider for predicting recording fees (housing sales and mortgage refinance activity) have been moving in different directions over the last few years, and outside forecasts project them to continue to diverge over the next few years. Taking all of that into account, our forecast for recording fees for FY 2017-18 is somewhat more than was forecasted in April of 2016, but still lower than the previous highs set during the housing market boom.

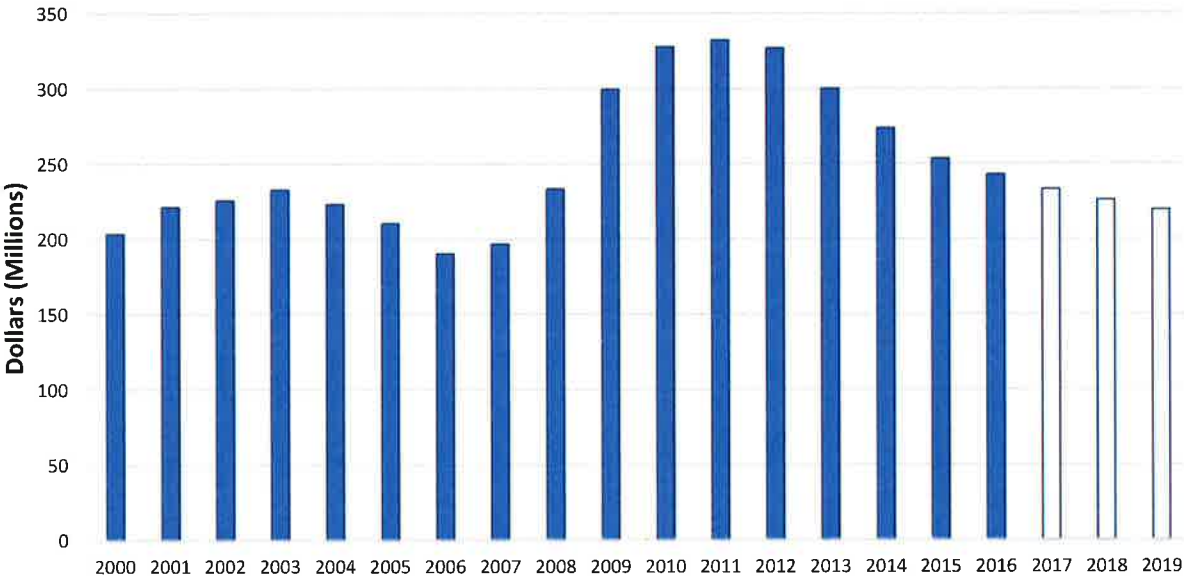


*Note: the indexes (in green and blue) are not to scale, they are presented to illustrate patterns, not magnitude.*

**Delinquent interest** is tracking fairly closely to the April 2016 forecast. The delinquent interest portion of CATF has two components: Tier 1, which is at least 25% of the total interest on delinquent taxes, and Tier 2, an additional 25% of interest on delinquent taxes from non-school, non-county districts. If the Tier 1 rate is 25% and the total estimated revenue from Tier 1 plus Tier 2 interest is expected to be below \$13 million, the Tier 1 rate is adjusted upwards to achieve a goal of \$13 million per fiscal year, up to a cap of an additional \$3 million.<sup>1</sup> The Tier 2 rate is not adjusted. We project the CAFFA deposit with Tier 1 interest to be below the \$13 million mark in FY 2017-18, so **the Tier 1 rate should be certified to be 30.51% for FY 2017-18.**

Our forecast model predicts delinquent interest as a function of total uncollected property tax. Uncollected property taxes peaked in 2011, and have been steadily declining since then. We assume that this decline reflects repayment of old tax debt, and less new debt being accumulated than in prior years. This forecast assumes that the level of uncollected property tax will continue to decline steadily.

**Total Uncollected Property Tax Balance as of June 30th Each Year  
Actual 2000-2016, Predicted 2017-2019\***



**County and state investment earnings** make up a very small portion of total CAFFA funds. Interest earnings have been low since 2008 due to extremely low interest rates. With interest rates expected to increase significantly in the next few years, our forecast has the earnings for these accounts also increasing. For FY 2017-18, revenue from county and state interest earnings is projected to be \$81,198, and in FY 2018-19 should be \$112,302.

Oregon Department of Revenue, Research Section  
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April 21, 2017

<sup>1</sup> When uncollected taxes are low, the \$13 million goal may not be achieved even after increasing Tier 1 rate. For example, in FY 2007-08, the projected Tier 1 (at 25% rate) plus Tier 2 collections were forecasted to be \$8.9 million. The Tier 1 rate was adjusted to add \$3 million resulting in an \$11.9 million forecast and a Tier 1 rate of 36.65%. Even though maximum allowed increase was taken, the goal of \$13 million was not achieved.

**COUNTY ASSESSMENT AND TAXATION FUND  
QUARTERLY REVENUE FORECAST, 4/21/2017**

**Note: Items in bold are forecast values.**

**Tier 1 interest is based on past certified rates, and certified rate of 30.51% for 2017-18**

Fiscal Year (July 1-June 30)	FIRST QUARTER (Jul-Sep)	SECOND QUARTER (Oct-Dec)	THIRD QUARTER (Jan-Mar)	FOURTH QUARTER (Apr-Jun)	TOTAL	Year Over Year Growth
<u>Delinquent Interest Revenue (Tier 1 + Tier 2)</u>						
2004-05	3,659,489	2,977,821	2,074,303	2,953,061	11,664,673	-13.3%
2005-06	3,956,589	2,935,621	2,021,148	3,113,704	12,027,061	3.1%
2006-07	3,618,157	2,861,776	1,944,324	3,253,268	11,677,525	-2.9%
2007-08	3,781,113	3,114,601	1,940,600	3,300,421	12,136,735	3.9%
2008-09	4,312,320	2,938,064	1,980,618	3,574,109	12,805,111	5.5%
2009-10	4,922,240	3,413,350	2,656,318	4,127,120	15,119,027	18.1%
2010-11	4,854,020	3,497,502	2,349,674	4,186,905	14,888,102	-1.5%
2011-12	4,483,911	3,468,414	2,476,193	4,217,557	14,646,074	-1.6%
2012-13	5,066,819	3,905,783	2,478,477	4,143,230	15,594,309	6.5%
2013-14	4,917,017	3,445,283	2,345,518	4,203,163	14,910,981	-4.4%
2014-15	4,544,978	3,400,674	2,168,944	3,715,382	13,829,977	-7.2%
2015-16	4,260,331	3,075,083	2,075,679	3,409,490	12,820,583	-7.3%
<b>2016-17</b>	<b>4,139,708</b>	<b>2,994,264</b>	<b>2,255,993</b>	<b>3,597,534</b>	<b>12,987,499</b>	<b>1.3%</b>
<b>2017-18</b>	<b>4,146,330</b>	<b>2,996,030</b>	<b>2,233,405</b>	<b>3,624,521</b>	<b>13,000,286</b>	<b>0.1%</b>
<b>2018-19</b>	<b>4,147,489</b>	<b>2,996,013</b>	<b>2,208,401</b>	<b>3,649,212</b>	<b>13,001,115</b>	<b>0.0%</b>
<u>Recording Fee</u>						
2004-05	2,675,375	2,459,046	2,491,107	2,845,455	10,470,984	-15.6%
2005-06	3,000,191	2,893,880	2,578,741	2,786,524	11,259,336	7.5%
2006-07	2,657,887	2,463,594	2,475,128	2,592,169	10,188,778	-9.5%
2007-08	2,368,383	2,028,617	1,992,546	2,116,308	8,505,854	-16.5%
2008-09	1,751,768	1,472,569	1,796,297	2,134,877	7,155,511	-15.9%
2009-10	1,903,296	1,714,444	1,715,981	1,710,432	7,044,153	-1.6%
2010-11	1,798,621	1,810,697	1,656,668	1,511,343	6,777,329	-3.8%
2011-12	1,512,747	1,657,808	1,577,647	1,875,055	6,623,257	-2.3%
2012-13	1,835,148	1,950,347	1,831,640	1,975,973	7,593,107	14.6%
2013-14	1,842,080	1,498,028	1,285,108	1,489,514	6,114,729	-19.5%
2014-15	1,520,161	1,491,141	1,487,417	1,946,214	6,444,933	5.4%
2015-16	1,989,159	1,646,071	1,586,753	1,915,244	7,137,227	10.7%
<b>2016-17</b>	<b>1,899,521</b>	<b>1,827,804</b>	<b>1,785,285</b>	<b>1,912,766</b>	<b>7,425,376</b>	<b>4.0%</b>
<b>2017-18</b>	<b>1,840,882</b>	<b>1,700,852</b>	<b>1,680,424</b>	<b>1,873,193</b>	<b>7,095,351</b>	<b>-4.4%</b>
<b>2018-19</b>	<b>1,840,038</b>	<b>1,718,046</b>	<b>1,702,789</b>	<b>1,899,329</b>	<b>7,160,203</b>	<b>0.9%</b>
<u>County Investment Earnings</u>						
2004-05	14,975	20,407	20,092	23,969	79,443	30.9%
2005-06	30,527	35,258	36,867	45,104	147,756	86.0%
2006-07	52,007	43,179	35,932	46,260	177,377	20.0%
2007-08	48,312	44,207	29,000	21,578	143,096	-19.3%
2008-09	26,737	20,912	13,016	11,584	72,249	-49.5%
2009-10	15,019	10,264	8,753	7,294	41,331	-42.8%
2010-11	9,057	6,399	4,998	8,499	28,953	-29.9%
2011-12	6,401	4,599	4,230	6,067	21,297	-26.4%
2012-13	7,484	7,212	5,290	4,349	24,335	14.3%
2013-14	11,375	4,704	3,531	4,575	24,185	-0.6%
2014-15	12,814	4,704	3,482	5,483	26,482	9.5%
2015-16	8,101	5,147	5,207	8,038	26,492	0.0%
<b>2016-17</b>	<b>23,828</b>	<b>7,682</b>	<b>9,399</b>	<b>11,638</b>	<b>52,548</b>	<b>98.3%</b>
<b>2017-18</b>	<b>13,714</b>	<b>15,167</b>	<b>16,754</b>	<b>18,052</b>	<b>63,687</b>	<b>21.2%</b>
<b>2018-19</b>	<b>19,651</b>	<b>21,426</b>	<b>23,058</b>	<b>24,912</b>	<b>89,047</b>	<b>39.8%</b>
<u>Total</u>						
2004-05	6,349,839	5,457,275	4,585,502	5,822,484	22,215,100	-14.3%
2005-06	6,987,307	5,864,759	4,636,756	5,945,332	23,434,153	5.5%
2006-07	6,328,050	5,368,549	4,455,384	5,891,696	22,043,679	-5.9%
2007-08	6,197,807	5,187,426	3,962,146	5,438,307	20,785,686	-5.7%
2008-09	6,090,825	4,431,545	3,789,932	5,720,569	20,032,871	-3.6%
2009-10	6,840,555	5,138,058	4,381,052	5,844,846	22,204,511	10.8%
2010-11	6,661,698	5,314,598	4,011,340	5,706,747	21,694,383	-2.3%
2011-12	6,003,059	5,130,820	4,058,070	6,098,679	21,290,628	-1.9%
2012-13	6,909,450	5,863,342	4,315,408	6,123,552	23,211,751	9.0%
2013-14	6,770,472	4,948,015	3,634,157	5,697,251	21,049,895	-9.3%
2014-15	6,077,952	4,896,519	3,659,843	5,667,078	20,301,392	-3.6%
2015-16	6,257,591	4,726,301	3,667,639	5,332,772	19,984,303	-1.6%
<b>2016-17</b>	<b>6,063,057</b>	<b>4,829,750</b>	<b>4,050,677</b>	<b>5,521,937</b>	<b>20,465,422</b>	<b>2.4%</b>
<b>2017-18</b>	<b>6,000,926</b>	<b>4,712,049</b>	<b>3,930,583</b>	<b>5,515,767</b>	<b>20,159,324</b>	<b>-1.5%</b>
<b>2018-19</b>	<b>6,007,179</b>	<b>4,735,486</b>	<b>3,934,248</b>	<b>5,573,453</b>	<b>20,250,366</b>	<b>0.5%</b>

QUARTERLY FORECAST OF CAFFA DISTRIBUTIONS TO COUNTIES

Fiscal Year (July 1-June 30)	FIRST QUARTER (July-Sept)	SECOND QUARTER (Oct-Dec)	THIRD QUARTER (Jan-Mar)	FOURTH QUARTER (Apr-Jun)	TOTAL	Year Over Year Growth
<u>State Investment Earnings</u>						
2004-05	2,647	3,231	4,267	7,254	17,398	35.0%
2005-06	6,302	8,751	8,071	6,977	30,100	73.0%
2006-07	15,727	15,527	14,900	7,857	54,011	79.4%
2007-08	12,144	8,526	11,718	5,339	37,728	-30.1%
2008-09	7,437	6,052	2,568	1,547	17,604	-53.3%
2009-10	2,017	2,893	1,400	1,017	7,327	-58.4%
2010-11	4,498	5,575	5,249	5,077	20,399	178.4%
2011-12	8,389	9,522	7,182	1,373	26,466	29.7%
2012-13	1,706	2,365	1,373	1,320	6,765	-74.4%
2013-14	933	1,588	1,047	417	3,984	-41.1%
2014-15	1,033	1,367	1,357	926	4,683	17.6%
2015-16	1,185	1,918	1,487	991	5,581	19.2%
<b>2016-17</b>	<b>2,076</b>	<b>4,916</b>	<b>4,065</b>	<b>3,840</b>	<b>14,896</b>	<b>166.9%</b>
<b>2017-18</b>	<b>4,014</b>	<b>4,195</b>	<b>4,515</b>	<b>4,787</b>	<b>17,511</b>	<b>17.6%</b>
<b>2018-19</b>	<b>5,173</b>	<b>5,613</b>	<b>6,004</b>	<b>6,465</b>	<b>23,255</b>	<b>32.8%</b>
<u>Adjustments</u>						
2004-05	24,461	0	0	0	24,461	
2005-06	22,249	178,314	0	8,071	208,633	
2006-07	0	0	3,069	0	0	
2007-08	0	0	-59,498	0	-59,498	
2008-09	0	0	0	0	0	
2009-10	0	0	0	0	0	
2010-11	0	0	0	0	0	
2011-12	0	0	0	0	0	
2012-13	0	0	0	0	0	
2013-14	0	0	0	0	0	
2014-15	0	0	0	0	0	
2015-16	0	0	0	0	0	
<b>2016-17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>2017-18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>2018-19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<u>Total Revenue</u>						
2004-05	6,352,486	5,460,505	4,589,769	5,829,738	22,232,498	-14.3%
2005-06	6,993,608	5,873,510	4,644,826	5,952,309	23,464,253	5.5%
2006-07	6,343,777	5,384,076	4,473,353	5,899,553	22,100,759	-5.8%
2007-08	6,209,952	5,195,952	3,914,366	5,443,646	20,763,915	-6.0%
2008-09	6,098,262	4,437,597	3,792,500	5,722,116	20,050,475	-3.4%
2009-10	6,842,572	5,140,951	4,382,452	5,845,863	22,211,838	10.8%
2010-11	6,666,196	5,320,173	4,016,588	5,711,824	21,714,781	-2.2%
2011-12	6,011,447	5,140,342	4,065,252	6,100,052	21,317,093	-1.8%
2012-13	6,911,156	5,865,707	4,316,781	6,124,873	23,218,517	8.9%
2013-14	6,771,404	4,949,602	3,635,204	5,697,668	21,053,879	-9.3%
2014-15	6,078,985	4,897,886	3,661,199	5,668,004	20,306,075	-3.6%
2015-16	6,258,775	4,728,219	3,669,126	5,333,763	19,989,884	-1.6%
<b>2016-17</b>	<b>6,065,132</b>	<b>4,834,666</b>	<b>4,054,742</b>	<b>5,525,778</b>	<b>20,480,318</b>	<b>2.5%</b>
<b>2017-18</b>	<b>6,004,939</b>	<b>4,716,244</b>	<b>3,935,098</b>	<b>5,520,554</b>	<b>20,176,835</b>	<b>-1.5%</b>
<b>2018-19</b>	<b>6,012,352</b>	<b>4,741,099</b>	<b>3,940,252</b>	<b>5,579,918</b>	<b>20,273,621</b>	<b>0.5%</b>
<u>State's 10% Share</u>						
2004-05	556,784	546,051	458,977	582,974	2,144,785	-17.3%
2005-06	699,361	587,351	464,483	595,231	2,346,425	9.4%
2006-07	634,378	538,408	447,028	589,955	2,209,769	-5.8%
2007-08	620,995	519,595	391,437	544,365	2,076,392	-6.0%
2008-09	609,826	443,760	379,250	572,212	2,005,047	-3.4%
2009-10	684,257	514,095	438,245	584,586	2,221,184	10.8%
2010-11	666,620	532,017	401,659	571,182	2,171,478	-2.2%
2011-12	601,145	514,034	406,525	610,005	2,131,709	-1.8%
2012-13	691,116	586,571	431,678	612,487	2,321,852	8.9%
2013-14	677,140	494,960	363,520	569,767	2,105,388	-9.3%
2014-15	607,899	489,789	366,120	566,800	2,030,608	-3.6%
2015-16	625,878	472,822	366,913	533,376	1,998,988	-1.6%
<b>2016-17</b>	<b>606,513</b>	<b>483,467</b>	<b>405,474</b>	<b>552,578</b>	<b>2,048,032</b>	<b>2.5%</b>
<b>2017-18</b>	<b>600,494</b>	<b>471,624</b>	<b>393,510</b>	<b>552,055</b>	<b>2,017,683</b>	<b>-1.5%</b>
<b>2018-19</b>	<b>601,235</b>	<b>474,110</b>	<b>394,025</b>	<b>557,992</b>	<b>2,027,362</b>	<b>0.5%</b>

**QUARTERLY FORECAST OF CAFFA DISTRIBUTIONS TO COUNTIES**

Fiscal Year (July 1-June 30)	FIRST QUARTER (July-Sept)	SECOND QUARTER (Oct-Dec)	THIRD QUARTER (Jan-Mar)	FOURTH QUARTER (Apr-Jun)	TOTAL	Year Over Year Growth
<u>Funds On Hand For Distribution</u>						
2004-05	5,820,163	4,914,455	4,130,792	5,246,764	20,112,174	-15.1%
2005-06	6,316,496	5,464,473	4,180,344	5,365,148	21,326,461	6.0%
2006-07	5,709,400	4,845,668	4,026,325	5,309,597	19,890,990	-6.7%
2007-08	5,588,956	4,676,357	3,522,930	4,899,281	18,687,524	-6.1%
2008-09	5,488,436	3,993,837	3,413,250	5,149,904	18,045,427	-3.4%
2009-10	6,158,315	4,626,856	3,944,207	5,261,277	19,990,654	10.8%
2010-11	5,999,576	4,788,156	3,614,929	5,140,642	19,543,303	-2.2%
2011-12	5,410,303	4,626,308	3,658,727	5,490,047	19,185,384	-1.8%
2012-13	6,220,041	5,279,136	3,885,103	5,512,385	20,896,665	8.9%
2013-14	6,094,264	4,454,642	3,271,684	5,127,901	18,948,491	-9.3%
2014-15	5,471,087	4,408,098	3,295,079	5,101,204	18,275,468	-3.6%
2015-16	5,632,898	4,255,397	3,302,214	4,800,387	17,990,896	-1.6%
<b>2016-17</b>	<b>5,458,619</b>	<b>4,351,199</b>	<b>3,649,268</b>	<b>4,973,200</b>	<b>18,432,286</b>	<b>2.5%</b>
<b>2017-18</b>	<b>5,404,445</b>	<b>4,244,619</b>	<b>3,541,588</b>	<b>4,968,499</b>	<b>18,159,151</b>	<b>-1.5%</b>
<b>2018-19</b>	<b>5,411,117</b>	<b>4,266,989</b>	<b>3,546,227</b>	<b>5,021,926</b>	<b>18,246,259</b>	<b>0.5%</b>

Fiscal Year (July 1-June 30)	FIRST QUARTER (July-Sept)	SECOND QUARTER (Oct-Dec)	THIRD QUARTER (Jan-Mar)	FOURTH QUARTER (Apr-Jun)	TOTAL	Year Over Year Growth
<i>Distribution of:</i>	<i>Fourth Quarter Funds from Previous Fiscal Year</i>	<i>First Quarter Funds</i>	<i>Second Quarter Funds</i>	<i>Third Quarter Funds</i>		

<u>Distribution (1)</u>						
2004-05	5,867,132	5,820,163	4,914,455	4,130,792	20,732,542	-13.5%
2005-06	5,246,764	6,316,496	5,464,473	4,180,344	21,208,077	2.3%
2006-07	5,365,148	5,709,400	4,845,668	4,026,325	19,946,541	-5.9%
2007-08	5,309,597	5,588,956	4,676,357	3,522,930	19,097,840	-4.3%
2008-09	4,899,281	5,488,436	4,437,596	2,969,491	17,794,804	-6.8%
2009-10	5,149,904	6,158,315	4,626,856	3,944,207	19,879,282	11.7%
2010-11	5,261,277	5,999,576	4,788,156	3,614,929	19,663,938	-1.1%
2011-12	5,140,642	5,410,303	4,626,308	3,658,727	18,835,979	-4.2%
2012-13	5,490,047	6,220,041	5,279,136	3,885,103	20,874,326	10.8%
2013-14	5,512,385	6,094,264	4,454,642	3,271,684	19,332,975	-7.4%
2014-15	5,127,901	5,471,087	4,408,098	3,295,079	18,302,165	-5.3%
2015-16	5,101,204	5,632,898	4,255,397	3,302,214	18,291,713	-0.1%
2016-17	4,800,387	5,458,619	4,351,199	3,649,268	18,259,473	-0.2%
<b>2017-18</b>	<b>4,973,200</b>	<b>5,404,445</b>	<b>4,244,619</b>	<b>3,541,588</b>	<b>18,163,853</b>	<b>-0.5%</b>
<b>2018-19</b>	<b>4,968,499</b>	<b>5,411,117</b>	<b>4,266,989</b>	<b>3,546,227</b>	<b>18,192,832</b>	<b>0.2%</b>

**Note:** Items in bold are forecast values.

(1) Funds distributed on or around the 10th day following the end of the previous quarter.