REVENUE: No revenue impact
FISCAL: No fiscal impact

Action:		Do Pass the A-Engrossed Bill.
Vote:		4-0-1
	Yeas:	Deckert, G. George, Monroe, Starr
	Nays:	
	Exc.:	Burdick
Prepared By:		Mary Ayala, Economist
Meeting Dates:		4/9

WHAT THE BILL DOES: Permits a county to reduce its certified expenditures for the fiscal year beginning July 1, 2006 and ending June 30, 2007, while allowing it to continue to receive funds from the County Assessment Function Funding Assistance Account (CAFFAA) based upon its prior year's share (%) if the following conditions are satisfied: (1) revenue in the prior year was supplemented by certain federal payments (PL 106-393) in an amount equal to at least 10% of the expenditures certified by the Department, (2) the reduction in county expenditures does not exceed 10% of the prior year's certified expenditures; and (3) the reduction in the county's expenditures does not result in a failure by the county to administer property taxes. Declares an emergency. Takes effect upon passage.

ISSUES DISCUSSED:
- U.S. Senator Wyden's proposal that phases out federal forest revenues to certain counties in Oregon over the next 5 years. However, if it passes it will not aid certain counties in the current year; and these counties have already lowered their certified expenditures on property tax administration based on a significant reduction in anticipated revenues from this source.
- The emergency exists because the Department of Revenue must determine by April 15th how to distribute the funds in the CAFFAA based on each county's share of the certified expenditures for property tax administration. HB 3532-A provides a one-year period grace period during which time the distributions from CAFFAA will not be lowered to certain counties that lowered their expenditures on property tax administration if the conditions of HB 3532-A are satisfied.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Under current law ORS 294.178 funds available in the County Assessment Function Funding Assistance Account (CAFFAA) are distributed to the counties. In order to make the distribution, the Department of Revenue determines whether each county has submitted estimates of its expenditures for the ensuing year that will adequately provide sufficient resources to administer property taxes. By June 15, the Department must issue an annual certification of approval or denial to each county with respect to its eligibility to receive a proportional share of the CAFFAA. All shares are based upon the total expenditure estimates submitted by counties and approved by the Department for CAFFAA funding.