MEASURE: HB 3404
CARRIER: Rep. Lively

REVENUE: No revenue impact
FISCAL: No fiscal impact

Action:		Do Pass
Vote:		7 - 0 – 2
	Yeas:	Barnhart, Berger, Dembrow, Hicks, Holvey, Hoyle, Garrett
	Nays:	0
	Exc.:	Jenson, Kennemer
Prepared By:		Erin Seiler, Administrator
Meeting Dates:		6/3, 6/10

WHAT THE MEASURE DOES: Allows county to reduce its expenditures compared with expenditures certified by Department of Revenue, without altering percentage to be paid to that county from County Assessment Function Funding Assistance (CAFFA) Account if (1) county received Secure Rural Schools Act dollars in amount equal to at least 10 percent of its property tax revenues, (2) reduction is less than 15 percent of certified expenditures, and (3) reduction in expenditures does not impact assessing or valuing property at full value. These provisions expire January 2, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:
- Extension of House Bill 4177, 2012 for two more years
- Allowing Oregon and California counties to mitigate loss of Secure Rural Schools payments
- Maintaining county services
- Grants from County Assessment Function Funding Assistance (CAFFA) Account to counties

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2012, the Legislative Assembly passed House Bill 4177 to help certain economically distressed counties continue to qualify for the same amount of grant money from the County Assessment Function Funding Assistance Account (CAFFA). These grants assist Oregon's counties with tax assessment responsibilities they are mandated to perform for taxing districts within their jurisdiction. Grant money is allocated based on the percentage each county's budget for assessment and taxation represents compared to the total of all such budgets for participating counties. Under HB 4177, counties which received 10 percent or more of their 2007 funds (excluding bonds) from the Secure Rural Schools Act were allowed to reduce their budgets for assessment and taxation by up to 15 percent without losing a proportional amount of CAFFA funding, so long as the reduction did not affect compliance with Oregon Revised Statutes or Department of Revenue rules.

While HB 4177 only offered this flexibility for the fiscal years beginning July 1, 2011, and July 1, 2012, HB 3404 uses the same language as HB 4177 to extend these effects for two more fiscal years. Allowing Oregon and California counties to reduce their expenditures without losing CAFFA funding would help them mitigate the loss of Secure Rural Schools payments and still manage their statutorily required functions.