

Submitter: Erik Kancler  
On Behalf Of:  
Committee: House Committee On Revenue  
Measure: HB4141

Chair Nathanson, Vice Chair Reschke, and Members of the Committee:

I'm writing on behalf of county assessors to express our opposition to HB 4141, which would reduce the delinquent interest rate on late property tax payments.

The County Assessment Function Funding Assistance (CAFFA) program, established in 1989, includes revenues from two sources – delinquent interest and document recording fees – to assist counties in providing assessment and taxation services that all property owners and taxing districts rely on. I've attached a CAFFA summary document that outlines this in detail.

Revenue provided by CAFFA for County A&T services has been in steep decline since the mid-2000s. Where CAFFA once funding 36% of local A&T needs, it now accounts for roughly 12% of those needs, with further declines on the way as CAFFA is not indexed to inflation or any number of other factors affecting the cost of providing A&T services. This decline puts increasing strain on already limited county general fund dollars to cover an ever-widening gap. In recent years, delinquent interest revenue has accounted for more than two-thirds of all CAFFA revenue. I've attached a graph illustrating the decline in CAFFA relative to County A&T needs since 2000.

County assessors have been advocating strongly for reforming CAFFA and increasing and stabilizing funding for the statewide services they provide. Further losses of funding will continue to limit services in a variety of important ways including their ability to properly identify and tax new property properly, which means revenue losses for taxing districts including cities, counties, schools, and many other special districts - each of which also receives delinquent interest revenue. (Overall County A&T receives, on average, about 25-30% of the delinquent interest revenue collected with taxing districts receiving the rest.)

Assessors are strongly opposed to any further reductions to CAFFA. We desperately need CAFFA reform. If CAFFA is modified to rely on other sources of funding, which we are open to, we would no longer have these concerns. Although it's important to note that if the delinquent rate were to drop significantly that property tax collection rates would likely decline.

We would urge this committee to oppose any reduction in delinquent interest fees this session and, as always, to continue working with assessors and their partners to

increase and stabilize CAFFA.

Thank you and please let me know if you have any questions.

Sincerely,  
Erik Kancler