

## HB 3518 -2 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 3/11, 6/10

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#### WHAT THE MEASURE DOES:

Increases a part of the county recording fee for certain documents from \$10 to \$19. Increases the amount of the fee that is used to partially fund county assessment and taxation (A&T) from \$9 (90 percent of \$10) to \$18. Indexes the fee and the amount that is used to partially fund A&T to inflation. Discontinues interest collected on delinquent property taxes as an A&T funding source. Provides that 0.3 percent of property taxes due, except for bond levies, be reallocated from taxing districts to A&T funding. Appropriates \$10 million of State General Fund to the Department of Revenue to help fund A&T in the 2025-27 biennium. Takes effect on the 91st day after sine die.

#### ISSUES DISCUSSED:

- Inflation
- Return on investment
- Property value appeals, tax court
- Omitted property
- Reappraisal cycles
- Special districts
- Sideboards, county needs assessment
- County document recording fees
- Federal timber revenue

#### EFFECT OF AMENDMENT:

-2 Reduces a part of the county recording fee for certain documents from \$19 to \$15. Maintains the portion of the fee that is used to partially fund A&T at 90 percent. Indexes the fee to inflation, allowing it to increase three times to \$20, \$25, and \$30, beginning in tax year 2026-27. Reduces share of moneys in County Assessment Function Funding Assistance (CAFFA) account allocated to the Department of Revenue (DOR) from 10 percent to 5 percent.

#### BACKGROUND:

Each Oregon county has received quarterly grants from DOR to partially fund A&T. The quarterly grant for each county is based on the estimated funds needed to adequately support A&T. The quarterly grants are funded by three components:

1. Part of the interest paid on delinquent property taxes
2. Part of the county recording fee for certain documents (e.g., titles and deeds relating to real property)
3. Interest earned on (1) and (2)

Each county turns over their share of revenues from (1)-(3) to DOR which then redistributes the funds back to counties in the form of quarterly grants. In addition to funding county quarterly grants, up to 10 percent of the revenues from (1)-(3) are used to fund DOR administration of the quarterly grants and appraisal of large industrial property and utility property.