

2025 AOC POLICY PRIORITY: HB 3518

PROTECT OREGON'S PROPERTY TAX ASSET THROUGH ADEQUATE, EQUITABLE, AND STABLE FUNDING OF COUNTY ASSESSMENT AND TAXATION SERVICES

County assessment and taxation offices value property; calculate and collect taxes; and distribute the money to taxing districts. This is an essential service provided to all taxing districts by counties. The importance of shared responsibility for statewide uniformity and accuracy in assessment and taxation was affirmed by the legislature when they created the County Assessment Function Funding Assistance (CAFFA) program in 1989.

CAFFA'S DECLINE IN SUPPORT :

At its peak, CAFFA supported the funding of county assessment and taxation at 36%. After 35 years, CAFFA funding has slipped to just 12%. The CAFFA funding mechanism is out of date and needs to be updated to meet today's needs. County general funds are unable to fill the over \$35 million gap, and many programs are at less than 60% of the staffing levels that the Department of Revenue deems suitable.

PROBLEM:

This ever-growing financial burden on county governments has put increased strain on limited county general funds. If continued to be left unchecked, counties will experience declining service levels, taxing districts will not receive the revenue they are owed due to missed property valuations, assessors will be unable to defend property valuations in court, and property owners will not see the level of service they expect or deserve. Without a shared solution, counties will not be able to adequately collect the correct amount of revenues that state and local governments depend on to serve Oregon taxpayers.

SOLUTION:

Pass House Bill 3518 to sustain and protect the property tax asset to the benefit of all property owners and taxing districts through adequate, equitable, and stable funding for county assessment and taxation programs.

House Bill 3518 will provide a clear path forward by creating a stable and sustainable funding mechanism for assessment and taxation that:

- Re-establishes the legislature's investment with \$10 million from the General Fund per biennium.
- Increases county clerk filing fees related to real estate from \$10 to \$19, and then index the fee to inflation.
- Replaces the current 25% retention of interest on delinquent property taxes from local governments with a 0.3% retention of all property taxes prior to distribution to local governments.