

2011–2012
County Assessment Function
Funding Assistance Program
(CAFFA)

Grant Application
Forms and Instructions



Oregon Department of Revenue
Property Tax Division
Assessment and Taxation Standards Section

**2011–2012
CAFFA Grant Application
Forms and Instructions**

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2011–2012 CAFFA Grant Application

Forms and Instructions

Background

In the early 1980s, the decline in Oregon's economy took its toll on the property tax system. Problems included:

- Counties could not maintain real market values due to budget cuts;
- Counties and taxing districts could not pass new tax bases or serial levies to maintain minimum service levels; and
- The mandated six-year cycle could not be maintained as required by statute.

This resulted in the 1987 and 1988 reports to the legislature concerning the disintegration of the property tax system. The reports discussed the serious problems with the property tax system, which were causing properties in Oregon to be assessed and taxed unfairly. Inadequate staffing led to non-uniform assessment programs.

To reverse the disintegration and recognize a shared responsibility for statewide uniformity and accuracy in Assessment and Taxation (A&T), HB 2338 was enacted which created the County Assessment Function Funding Assistance (CAFFA) grant in 1989. The legislation provided A&T officials and the state an additional funding source for approved A&T programs by increasing delinquent interest and recording fees.

Key Requirements for Grant Participation

State law requires equity and uniformity in the statewide system of taxation. DOR has defined statewide equity and uniformity to include:

- Appraise all Measure 50 exceptions timely.
- Create a Ratio Report and trend values to maintain constitutionally required Real Market Values.
- Calculate the Measure 50 Changed Property Ratio and Maximum Assessed Values.
- Create the Assessment Roll and the Tax Roll.
- Resolve appeals timely.
- Calculate, collect and distribute taxes.

Process for Grant Application

Counties submit an estimate of their A&T expenditures to the department by May 1st each year. This includes direct and indirect costs associated with the following function areas:

- Assessment administration.
- Assessment valuation.
- Clerk/Board of Property Tax Appeals (BOPTA).
- Tax collection and distribution.
- Cartography and GIS administration (including approved ORMAP grant funding).
- A&T data processing.

The application also requests information concerning budgeted expenditures, workload and staffing to conduct the above activities. The budgeted expenditures identify the resources necessary to maintain A&T adequacy minimums. The department certifies each county to participate in the grant if its budget maintains system adequacy as provided in ORS 294.175 (see Addendum).

If the department deems a county's budget to be inadequate or as having excess funds for program requirements, the department enters into discussions with the county governing body. If the parties cannot agree, the law provides for a formal appeals process as provided under ORS 294.175. If the appeal is denied, the county is denied the grant for that year. To-date, no county has been denied participation in the grant process.

Funding and Distribution Overview

Funds for the grants are derived from a percentage of interest collected on delinquent property tax accounts and from a fee on most documents recorded in the county clerk's office. These monies are deposited into the county's County Assessment and Taxation Fund (CATF) account. At the end of each fiscal quarter, the county treasurer transfers monies, including interest earned on the account, from the CATF to the Department of Revenue's CAFFA account with the State Treasurer. By statute, the department distributes the money back to the counties quarterly by the

25th of the month following the end of the fiscal quarter. For example, money collected during the 1st Quarter, July 1 through September 30, will be distributed back to the counties by October 25.

The distribution is based on the proportion of the county's reported and certified A&T expenditures to the total of all certified expenditures submitted by all counties. The department withholds a portion to cover expenses incurred in carrying out the administration of the CAFFA grant program and for appraisal expenses incurred in valuing industrial properties. Before CAFFA, industrial appraisal responsibility belonged to the county.

Filing Highlights

For the 2011–12 CAFFA grant, counties will use the web-based application located at: <https://secure.dor.state.or.us/caffa/index.cfm>.

On or before May 2, 2011, each county must file a completed grant application. The grant must include the application forms, a signed and dated resolution, and a copy of the county's A&T organizational chart including employee's names. These documents are required to be eligible to share in the dollars distributed from the CAFFA account for the tax year beginning July 1, 2011. They also attest to the county's assessment and taxation funding commitment.

Each county will have a designated CAFFA contact person. That person should have the completed resolution printed and then signed manually by the chair/judge. Submit the signed resolution by fax or e-mail on or before the May 2, 2011, deadline to the department. Also fax or e-mail a copy of the county's A&T organizational chart showing the names of the people in all permanent positions applicable to the 2011–12 tax year.

The Property Tax Division fax number is 503-945-8737. Please mark the fax to the attention of the CAFFA Grant Coordinator. The organizational chart and resolution may be mailed to the department. However, the department receives a large volume of mail during April and May, and delays in receipt may occur. We strongly urge you to use e-mail or fax.

Instructions

If you have questions about completing any part of the grant document or filing the signed resolution, contact the CAFFA Grant Coordinator by e-mail at caffa.grant@state.or.us, by telephone at 503-945-8355, or by fax at 503-945-8737.

For your convenience, the following features will be incorporated into the electronic application:

- **Auto populate.** When you open the web application, data from the previous year will populate the current year's grant forms. Please review and correct this data if necessary.
- **Cut and paste.** You will be able to copy and paste text from Word or another word processing program into the CAFFA grant document, specifically into Forms 2 and 3.
- **Auto calculate.** Form 7 has an auto calculate feature. You will need to enter manually the percentage used to calculate your county's indirect expenses (Line 6/Line 6A). You will also need to enter manually your county's capital outlay information by category (Line 8). The remainder of the form will auto calculate.
- **Flag.** The number on Form 4, Section 8 should match the number on Form 1, Section B, "Total Valuation Appraisal Staff." If these numbers do not match, a red flag will display. Use Form 2 or Form 3 to explain why the numbers do not match.
- **Time out.** You can keep the application open for four hours before it will time out.
- **Amended expenditures.** OAR 150-294.175(2)-(B); see "Addenda"), was amended and added as a permanent rule for the 2011-12 year. The county must file an amended estimate of expenditures no later than June 1, if it determines there is a need to increase or decrease its estimated expenditures.

Form 1—Grant Application Staffing

Form 1 should reflect the staffing level for each assessment and taxation (A&T) function within the county. Use the assigned duties to determine if the staff qualifies for inclusion in the grant, and identify the appropriate percentage if those duties are less than full-time. Refer to the

worksheets on pages 11 and 12 to assist in calculating the correct number of full-time equivalency (FTE) positions dedicated to the A&T function (assessment administration, valuation-appraisal staff, etc.).

The calculated FTE positions in the staffing form show permanent staff “employees,” either full-time or part-time. Note the expenditures associated with these positions under the Personal Services line on Form 7, *Summary of Expenses*, on page 19.

Independent contractors

Some offices use independent contractors, temporaries, or other individuals not deemed employees to complete A&T activities. Determining if a person is considered an employee or not an employee is based on the level of direction and control and the method of compensation, i.e., whether they receive health or retirement benefits. Their FTE and expenditures must also be accounted for in the application. Describe the use of these individuals on Form 2, *Explanation of Staffing Issues* (page 14). Expenditures for independent contractors and other non-employees are recorded on Form 7, line 2, “Materials and Services.”

Qualifying A&T duties must support the A&T function. For example, county management of property involved in property tax foreclosure qualifies, but management expenses incurred for property obtained by means other than property tax foreclosure do not qualify. Also, GIS activity directly in support of an A&T function qualifies. Examples of GIS activity directly in support of an A&T function include, but are not limited to:

1. Data development related to tax lot base maps (creation and maintenance);
2. Data development for maintenance of the public land survey system;
3. Data analysis related to sales and market activity of taxable property;
4. Development of a control point network to increase the accuracy of the tax lot base maps; and
5. Development of technology to improve the access and availability of A&T tax lot data.

Section A: On the second line, enter the number of all data-entry staff who support valuation-appraisal activity.

Section B: The number on the “Total Valuation–Appraisal Staff” line should match the number on Form 4, line 8. If the numbers do not match, please explain the discrepancy on Form 2 or Form 3.

Section C: Enter only the number of clerk’s office staff allocated to the Board of Property Tax Appeals (BOPTA) function.

Section D: Enter the FTE allocated to collection and distribution of property taxes only.

Section E: Enter only GIS staff related to assessment and taxation activity as described above.

Section F: Enter the FTE that support the A&T functions.

Section G, Total A&T Staffing: This is the sum of all permanent staff related to the A&T function. Use Form 2, *Explanation of Staffing Issues*, on page 14 to describe any use of nonpermanent staff (temporaries, contractors, etc.).

Column 1: For each function area, review and if necessary, correct the number of FTE that are approved for the current fiscal year, 2010–11. These numbers should be equivalent to those identified in last year’s grant application in the column identified as “Budgeted FTE for the Coming Year (2010–11).”

Column 2: Enter the number of FTE that will be budgeted for the next fiscal year, 2011–12. If a staff member performs duties in two or more different A&T functions, then allocate the FTE between those two functions.

Column 3: This represents any difference between approved staffing for 2010–11 and budgeted staffing for 2011–12.

Form 2—Explanation of Staffing Issues

Explain any discrepancy between the FTE the department approved for 2010–11 and the FTE you budgeted for 2011–12. For example, there may be a discrepancy due to unfilled positions. Include the reason the position remained unfilled. Also, identify the use of any independent contractors and other project-based workers not deemed employees for the 2011-12 tax

year. Identify the specific functions they assist with and their cost. Be sure to enter those costs under the appropriate function of the Materials and Services line on Form 7, *Summary of Expenses*. If you have no information to provide regarding staffing issues, enter "N/A."

Form 3—General Comments

Describe any issue in your budget that needs further clarification. Examples would be significant changes on Form 7, purchase of a new data processing system, salary increases, new car purchases, personal services costs for mapping, etc. You may also use this form to document any miscellaneous comments. If you have no information to provide, enter "N/A."

Form 4—Valuation—Appraisal Resources

This form should reflect actual appraisal activity (by number of accounts affected by the particular activity) and the number of permanent FTE (as identified in the Staffing Report) assigned to that activity during the 2010–11 tax year. It compares the estimated numbers for those same categories to the 2011–12 tax year.

Enter the actual (2010–11) and estimated (2011–12) number of accounts pertaining to each activity. Each county's method of establishing and maintaining account records may impact the total number of accounts.

If your A&T system requires separate accounts for fire patrol or code splits, for example, count all those accounts in your total.

Enter the actual and estimated number of permanent FTE from Form 1, *Grant Application Staffing*, that corresponds with each activity. Use decimals where appropriate.

Section 1, "Real Property Exceptions, Special Assessments, and Exemptions": Enter the number of accounts subject to special assessment qualification or exemption for which an application has been received. The number of accounts subject to special assessment or exemption disqualification represents those for which:

- (A) new applications have been received, or
- (B) the county has completed or expects to complete a disqualification action during the appli-

cable tax year. For exemptions, this includes all accounts reviewed except veterans' applications.

Section 2, "Appeals and Assessor Review": Enter the number of accounts for which the assessor has conducted a review after the tax statement was issued. Include reviews completed and stipulations filed up to the time BOPTA convenes the session.

On the "BOPTA" line, enter the total number of petitions for which the board will issue an order. Do not include support provided by the county clerk's office to BOPTA on this form. Count only the assessor's office support to BOPTA. BOPTA support provided by the county clerk's office is reflected on Form 1 and Form 7.

Under "Department of Revenue," "Magistrate Division," and "Regular Division," enter all petitions filed for all other jurisdictions, excluding BOPTA. Count the number of appeals at each jurisdiction by the number of petitions or complaints received. If separate complaints or petitions are joined into a combined proceeding, count this as one appeal.

Section 3, "Real Property Valuation": Identify and enter the number of accounts undergoing physical reappraisal and the corresponding FTE. Include the accounts undergoing some type of physical reappraisal following a recalculation.

Recalculated accounts are only those which were recalculated and trended with no follow-up appraisal.

Section 4, "Business Personal Property": Number of accounts by activity: Enter the number of business personal property returns mailed. This will include those accounts both below and above the value threshold. Do not include manufactured structures.

Number of FTE by activity: Enter only Valuation-Assessment FTE associated with the business personal property process. If you use other than Valuation–Appraisal FTE to perform business personal property functions, enter that information on Form 2. This includes FTE involved in the process of discovery and mailing to processing, audits, and completion of the assessment roll.

Section 5, "Ratio": Enter the number of permanent FTE engaged in county ratio study activity.

Section 6, “Continuing Education”: Enter the number of permanent FTE that relate to training and continuing education under the appraisal registration program (ORS 308.010).

Section 7, “Other Valuation–Appraisal Activity”: The number you enter should include such tasks as record filing, tech group participation, or taxpayer assistance.

Use Form 3 to describe any special or unique aspects regarding who accomplishes and how they accomplish the work related to the *Valuation–Appraisal Resources*, Form 4.

Section 8, “Total Valuation–Appraisal Staff”: This number should match the number on Form 1, Section B, “Total Valuation–Appraisal Staff.” If the numbers do not match, please explain the discrepancy on Form 2 or Form 3.

Form 5—Tax Collection/Distribution Work Activity

Lines 1 and 2: Enter the number of tax accounts requiring roll corrections and refunds divided between business personal property, personal property manufactured structures, and real property. The number of tax accounts in each category represents the number of accounts billed. A single tax account billed for multiple years will still represent one tax account for purposes of this exercise.

Line 3: Enter the number of delinquent tax notices sent, divided between business personal property, personal property manufactured structures, and real property.

Lines 4 and 5: Enter the number of real property tax accounts for the indicated fiscal year for which, respectively, foreclosure and redemption have been or will be initiated.

Line 6: Enter the number of accounts for the indicated fiscal year for which warrants have been or will be initiated.

Line 7: Enter the number of accounts for the indicated fiscal year for which garnishments have been or will be initiated.

Line 8: Enter the number of accounts for the indicated fiscal year for which seizures have been or will be initiated.

Line 9: Enter the number of delinquent property tax accounts for the indicated fiscal year that are in bankruptcy or are expected to be in bankruptcy.

Line 10: Enter the number of accounts for which an address change has been recorded. This includes address changes made during the year to either the assessment or the tax roll. To determine this number, do not include changes resulting from a deed transaction.

Note: “Mailing address changes” refers to the number of address changes processed after a real or personal property account has been created and is in the computer. Enter the number of mailing address changes for the real and personal property accounts which occur to either the assessment or the tax roll during the year. For address changes involving real property only, enter the number of such changes arising from requests from the owner, not those resulting from processing a deed.

Lines 11 and 12: Enter the number of second and third trimester statements you mail, if applicable.

Lines 13 and 14: Check whether the county has either a contract lock box service or an in-house remittance service for processing tax payments.

Line 15: Indicate if the tax collector function is combined with any other county function (e.g., assessor, treasurer), and identify the applicable function.

Use Form 2, *Explanation of Staffing Issues*, to describe any special or unique aspects regarding who and how work related to the *Tax Collection/Distribution Work Activity*, Form 5, is accomplished.

Form 6—Assessment and Administrative Support and Cartography Work Activity

Assessment and Administrative Support Work Activity

Line 1: Enter the actual number of deeds worked during 2010–11. Estimate the number of deeds the assessor will work during the 2011–12 tax year.

Use Form 2, *Explanation of Staffing Issues*, to describe any special or unique aspects as to how and who accomplishes the work in the “Assess-

ment and Administrative Support” part of this form.

Cartography Work Activity

Note: Complete Form 6 only if you do not have a mapping service contract with the Department of Revenue.

Line 1: Enter the number of new tax lots created or estimated to be created during the indicated interval.

Line 2: Enter the number of lot line adjustments processed or estimated to be processed.

Line 3: Enter the number of consolidations processed or estimated to be processed.

Line 4: Enter the number of new maps created or estimated to be created.

Line 5: Enter the number of tax code boundary changes processed for the March 31 deadline or estimated to be processed as provided under ORS 308.225.

Form 7—Summary of Expenses

Current operating expenses: This section includes all direct costs, including personnel and supplies associated with the assessment, collection, and distribution of property taxes.

Indirect expenses: These costs are expenditures for items other than labor and materials, such as administrative costs, professional fees, legal fees, consulting, and accounting. These costs are not readily identifiable with, nor are they necessarily incurred as the result of, services rendered. Instead, indirect costs are typically calculated as a percentage of direct cost labor, materials, and overhead.

Capital outlay: This section includes the cost for items that your county classifies as capital outlay. The amount allowed on Form 7 for capital outlay in your grant request is the lesser of:

1. The total actual expenditures for capital outlay; or
2. The amount computed in the capital outlay limitation test.

The capital outlay limitation is the greater of \$50,000 or six percent of the total expenditures

(both direct and indirect). (See ORS Chapter 294 and OAR 150-294.175(1)(c); see “Addenda.”)

Current operating expenses, lines 1–4

Columns A through F represent various program functions that occur in the administration of the property tax system. Lines 1 through 3 are the categories. This table allows the department to identify the resource classification (Personal Services, Materials and Services, and Transportation) that is being allocated to each program function (Assessment Administration, Valuation, BOPTA, etc.).

Under each function column, enter only the amount of expenditure that your county will actually use for that function, split out by categories (lines). For example, if an appraiser regularly spends a portion of time doing assessment records duties, enter the cost of that personal services time under the assessment administration column.

Do not include in “Current Operating Expenses” any items that your county has identified as capital outlay or indirect costs.

If expenditure items are used for more than one function, apportion the expenses among the functions involved. For example, if supplies are purchased in bulk to be used by valuation, assessment administration, and tax collection, apportion the cost of the supplies among these three functions in the row labeled “Materials and Services.”

Direct costs for “A&T Data Processing” include such items as software changes required because of changes to laws or rules, elimination of “bugs,” installation of periodic software upgrades, and technical assistance for personal computer support. Costs must directly relate to supporting assessment and taxation activity. For a more extensive listing of eligible activities and costs, see OAR 150-294.175(1)(c); (see “Addenda.”)

Line instructions

Line 1, “Personal Services”: Include wages, paid benefits, workers’ compensation, etc. In column F, include only those personal services necessary to maintain and operate data processing systems for assessment and taxation.

Line 2, “Materials and Services”: Include materials and services such as office supplies, service contracts, instate travel, equipment rental, postage, freight, printing, reporting and recording fees, dues and subscriptions, data processing supplies, education or instruction, professional development, and employee recognition/awards and relocation, etc.

Column C: Include the BOPTA expenses for board members who are paid on a per diem basis or a board appraiser under contract.

Column E: ORMAP-approved expenditures for materials and services budgeted for the same fiscal year as this grant application are also eligible for CAFFA grant funding and should be entered in this column. **Note:** If you have already claimed ORMAP-approved expenditures for CAFFA grant funding in a previous year, you may not resubmit those same expenditures.

Column F: Include only materials and services that support assessment and taxation functions. This would also include contract services that various software vendors provide.

Line 3, “Transportation”: Enter only the operating cost of vehicles. Do not include the purchase cost of vehicles. Two alternative methods for determining the cost of transportation are available to use. Use either Method 1 or Method 2 to calculate the cost.

Method 1: Use the actual costs of operations for a 12-month period, plus a depreciation allowance for the useful life of the vehicle.

— OR —

Method 2: Use the county-established reimbursement rate per mile with an estimate of the total miles that will be driven during the fiscal year.

Line 4, “Total current operating expenses”: The web application will calculate the “Total Current Operating Expenses” (total direct expenses) for each category and enter that amount on line 4 in the “Totals” section of the form.

Indirect expenses, lines 5–7

Line 5, “Total Direct Expenses”: The application will carry forward the “Total Current Operating Expenses” amount.

There are two methods you can use to determine your county’s indirect costs:

Line 6, “The 5 Percent Method”: Most counties will use this method. (See OAR 150-294.175(1)(c)(5)(b); see “Addenda.”) If the county does not have a federal indirect cost percentage, enter .05 in the first box on line 6. The application will calculate the indirect costs by multiplying the “Total Current Operating Expenses” (line 5) by five percent. The application will enter this figure on line 7, “Total Indirect Expenses.” Or use the Federal Grant Method as explained in the next paragraph.

Line 6A, “The Federal Grant Method”: (See OAR 150-294.175(1)(c)(5)(a); see “Addenda”, and the **Frequently Asked Questions** section on page 23.) You will use this method **only** if the county receives federal grants **and** has a percentage amount approved by the granting agency for indirect costs. Enter the percentage of the allowed dollar amount in the first box on line 6A. The application will multiply the approved percentage by the direct expense amount for the category/categories that your certificate allows. The application will enter the dollar amount in the second box on line 6A. This is your “Total Indirect Expense” amount.

Line 7, “Total Indirect Expenses”: The application will carry down the appropriate total indirect expense amount according to the method you used above.

Capital outlay, lines 8–12

Capital outlay: This amount is the lesser of:

1. The total actual expenditures for capital outlay; or
2. The amount computed in the capital outlay limitation test.

The capital outlay limitation is the greater of \$50,000 or six percent of the total expenditures (both direct and indirect). (See ORS Chapter 294 and OAR 150-294.175(1)(c); see “Addenda.”)

Line 8: Enter the dollar amounts by category that your county classifies as capital outlay expenses. A&T Data Processing Special Note: Include personal services, materials and services, and transportation costs for data processing equipment purchases or data processing development in

“Capital Outlay” under column F. Lease purchase payments are included here. The application will add all of the actual capital outlay expenses and enter the total in “Total capital outlay without regard to limitation” field.

Line 9: The application will enter the sum of your total current operating expenses and your total indirect costs.

Lines 10: The application will add the county’s total current operating expenses (from line 4) and total indirect expenses (from line 7) and multiply that figure by six percent.

Line 11: The application will use the results of line 10 and determine which is larger, line 10 or \$50,000.

Line 12: The application will calculate the lesser of line 8 (actual capital outlay without regard to limitation) or line 11 (the greater of \$50,000 or 6 percent of the total direct and indirect expenses).

Total expenditures

Line 13: The application will add the “Total Current Operating Expenses” (line 4), the “Total Indirect Expenses” (line 7), and the capital outlay expenditures (line 12). This represents the total expenditures for consideration in the county’s CAFFA grant.

Resolution instructions

The grant application resolution serves multiple purposes:

- It ensures the county governing body has reviewed and approved the county’s assessment and taxation budget for the purpose of obtaining the state grant.
- The resolution obligates the county to appropriate the budgeted dollars based on 100 percent of the expenditures certified in the grant application.¹ The resolution will autofill the amount from Form 7, line 13 (the total expenditures for consideration in the county’s CAFFA grant) directly into the resolution.

- The resolution also attests to the county’s compliance with a variety of laws requiring equity and uniformity in the property tax system.

Signing the Resolution

May 2, 2011, is the deadline to submit the grant application forms and resolution to the Department of Revenue.

The resolution will autofill the county name, the name of the CAFFA contact, and the contact’s telephone number and e-mail address. The CAFFA contact will print out the resolution and have the chair/judge of the governing body sign and date it.

The CAFFA contact will either fax the resolution to the Property Tax Division at 503-945-8737, or scan the document and e-mail it to the CAFFA grant coordinator at caffa.grant@state.or.us by the filing deadline. If you have any questions, please contact the CAFFA grant coordinator at 503-945-8355.

Estimates of Expenditures for Assessment and Taxation, (See [OAR 150-294.175(2)-(B)]), allows a county to file an amended estimate of expenditures no later than June 1, if it determines there is a need to increase or decrease its estimated expenditures. The amended filing must be filed in the same manner as the original application. The department will review the amended filing using the review standards and criteria for determining adequacy of resources that were applicable to the original filing. Call the CAFFA Grant Coordinator at 503-945-8355 if you have any questions about this amended rule.

¹ ORS 294.175 requires that a county must be certified by the Department of Revenue to participate in the grant. A county must appropriate the budgeted dollars based on 100 percent of the certified expenditures as provided in ORS 294.178. If 100 percent is not appropriated as certified, no grant shall be made to the county for the quarter in which the county is out of compliance.

County Checklist for Completing the Grant Application

- _____ Appoint grant application coordinator (CAFFA contact).
- _____ Receive grant application packet on or about February 14.
- _____ Develop a time line for completion of the grant application on or before May 2.
- _____ Obtain information from the:
 - _____ County Assessor
 - _____ County Clerk
 - _____ County Tax Collector
 - _____ County Treasurer
 - _____ Data Processing Support (related to the assessment and taxation function)
 - _____ County Cartographic Unit
- _____ Schedule time with the county governing body to approve the completed grant application and to obtain a binding resolution.
- _____ Submit electronically all grant document forms to the Department of Revenue on or before May 2, 2011. See filing instructions for further details.
- _____ Submit to the department the signed Grant Application Resolution on or before May 2, 2011. See filing instructions for further details.
- _____ Fax or scan and e-mail a copy of your organizational chart to the department on or before May 2, 2011.

If you have any questions, contact:

**CAFFA Grant Coordinator
Property Tax Division**

Department of Revenue
P. O. Box 14380
Salem OR 97309-5075

Telephone: 503-945-8355
Fax: 503-945-8737
E-mail: caffa.grant@state.or.us

—SAMPLE—
Worksheet for Calculating FTE

This worksheet uses a 40-hour work week. Adjust the calculations according to your county’s work week, if applicable.

INSTRUCTIONS:

1. Identify all the duties of the position.
2. Determine a measurement for the duties.
3. Determine the volume of work performed for each duty.
4. Estimate the total hours needed to perform each duty.
5. Sum the total hours for each duty for the total hours.

Duties*	Unit of Measurement	Volume Per Year	Estimated Total Hours
Deed Processing	Minutes per Deed Worked	4,600 @ 10 min. each	767 hrs.
Other—Taxpayer Assistance, breaks, etc.	Minutes per Deed	4,600 @ 5 min. each	383 hrs.
Total Hours			1,150 hrs. ⁽¹⁾

Method to Calculate the Full-Time Equivalent Positions	
Total working hours per year: 52 weeks × number of days per week × number of hours per day attendance. [Example: 52 × 5 × 8]	2,080
From the “Total working hours per year,” subtract the following:	
Number of holidays per year × number of hours per day worked	96
Vacation (use the average number of hours taken for vacation on a per-person basis for the prior year)	80
Sick leave (use the average number of hours taken for sick leave on a per-person basis for the prior year)	40
Hours per day rest period × number of weeks per year × number of days per week worked	130
Hours available to work in a year	1,734 ⁽²⁾

$$\frac{\text{Total Hours (1) = 1,150}}{\text{Hours Available in a Year (2) = 1,734}} = 0.66 \text{ (rounded up)} \\
\text{FTE for Assessment Clerk Functions}$$

* Note: Petition processing would include public assistance, the time spent on the telephone and at the counter; receiving, numbering, and data entry of appeal petitions; appeal scheduling and notification; the preparation of orders; and maintaining the minutes and records of hearings. Other official record keeping would include all duties associated with the Board, exclusive of individual petitions. Show only FTEs for employees that are listed under “Personal Services” on the Summary of Expenses found on page 19.

—For County Use Only—
 Do not send this worksheet to the Department of Revenue

Worksheet for Calculating FTE

INSTRUCTIONS:

1. Identify all the duties of the position.
2. Determine a measurement for the duties.
3. Determine the volume of work performed for each duty.
4. Estimate the total hours needed to perform each duty.
5. Sum the total hours for each duty for the total hours.

Duties*	Unit of Measurement	Volume Per Year	Estimated Total Hours
Total Hours			(1)

Method to Calculate the Full-Time Equivalent Positions	
Total working hours per year: 52 weeks × number of days per week × number of hours per day attendance. [Example: 52 × 5 × 8]	
From the “Total working hours per year,” subtract the following:	
Number of holidays per year × number of hours per day worked	
Vacation (use the average number of hours taken for vacation on a per-person basis for the prior year)	
Sick leave (use the average number of hours taken for sick leave on a per-person basis for the prior year)	
Hours per day rest period × number of weeks per year × number of days per week worked	
Hours available to work in a year	(2)

$$\frac{\text{Total Hours (1)}}{\text{Hours Available in a Year (2)}} = \text{_____ FTE for A \& T Functions}$$

—For County Use Only—

Do not send this worksheet to the Department of Revenue



Form 1 Grant Application Staffing

2011-12

	COLUMN 1	COLUMN 2	COLUMN 3
County _____	Approved FTE Current Year (2010-11)	Budgeted FTE Coming Year (2011-12)	Change (Column 2 less Column 1)
A. Assessment Administration			
Assessor, Deputy, etc.	_____	_____	_____
Assmt. Support Staff, Deed Clerks, & Data Entry Staff	_____	_____	_____
Total Assessment Administration	_____	_____	_____
B. Valuation-Appraisal Staff			
Chief Appraisers/Appraiser Supervisor	_____	_____	_____
Lead Appraisers	_____	_____	_____
Residential Appraisers	_____	_____	_____
Commercial/Industrial Appraisers	_____	_____	_____
Farm/Forest/Rural Appraisers	_____	_____	_____
Manufactured Structure/Floating Structure Appraisers	_____	_____	_____
Personal Property Appraisers	_____	_____	_____
Personal Property Clerks	_____	_____	_____
Sales Data Analyst	_____	_____	_____
Data Gatherers & Appraisal Techs	_____	_____	_____
Total Valuation-Appraisal Staff	_____	_____	_____
C. Clerk/BOPTA Staff			
_____	_____	_____	_____
D. Tax Collection & Distribution Administration			
Administration, Deputy, etc.	_____	_____	_____
Support & Collection Staff	_____	_____	_____
Tax Distribution	_____	_____	_____
Foreclosure & Garnishment	_____	_____	_____
Total Tax Collection & Distribution Staff	_____	_____	_____
E. Cartography & GIS Administration			
Cartographic/GIS Supervisor	_____	_____	_____
Lead Cartographer	_____	_____	_____
Cartographers	_____	_____	_____
GIS Specialist	_____	_____	_____
Total Cartographic & GIS Staff	_____	_____	_____
F. A&T Data Processing Staff			
_____	_____	_____	_____
G. Total A&T Staffing (the sum of A-F above)			
_____	_____	_____	_____

Form 2 Explanation of Staffing Issues

2011-12

County _____

In this section, explain any difference between approved staffing for the current year and staffing for the budgeted year. Explain why any funded positions were unfilled for the current year. Use this form to describe the intended use of nonpermanent workers (temporary help, project temporaries, and contractors) by A&T function, along with their cost. Note any special or unique aspects regarding who accomplishes the work and how they accomplish it related to Forms 4, 5, and 6. For example, if you use staff to perform personal property functions, other than reported on Form 1, Section B, note that here and include the FTE.

County _____

Use this form to describe any issue in your budget that needs further clarification. Examples would be significant changes on Form 7, purchase of a new data processing system, salary increases, new car purchases, personal services costs for mapping, etc. You may also use this form to document any miscellaneous comments.



Form 4 Valuation–Appraisal Resources

2011-12

County _____	Number of Accounts by Activity		Number of FTE by Activity	
Activities	Actual 2010–11	Estimated 2011–12	Actual 2010–11	Estimated 2011–12
1. Real Property Exceptions, Special Assessments, and Exemptions				
New Construction	_____	_____	_____	_____
Zone Changes	_____	_____	_____	_____
Subdivisions, Segregations, Consolidations	_____	_____	_____	_____
Omitted Properties	_____	_____	_____	_____
Special Assessment Qualification and Disqualification Exemptions	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
2. Appeals and Assessor Review				
Assessor Review and Stipulations	_____	_____	_____	_____
BOPTA	_____	_____	_____	_____
Department of Revenue	_____	_____	_____	_____
Magistrate Division—Tax Court	_____	_____	_____	_____
Regular Division—Tax Court	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
3. Real Property Valuation				
Physical Reappraisal	_____	_____	_____	_____
Recalculation only—no appraisal review	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
4. Business Personal Property (returns mailed)	_____	_____	_____	_____
5. Ratio	_____	_____	_____	_____
6. Continuing Education	_____	_____	_____	_____
7. Other Valuation—Appraisal Activity	_____	_____	_____	_____
8. Total Valuation—Appraisal Staff (FTE)	_____	_____	_____	_____



Form 5 Tax Collection/Distribution Work Activity

2011-12

County _____	Number of Accounts by Activity	
	Actual 2010-11	Estimated 2011-12
1. Number of accounts requiring roll corrections		
Business Personal Property	_____	_____
Personal Property Manufactured Structures	_____	_____
Real Property	_____	_____
2. Number of accounts requiring a refund		
Business Personal Property	_____	_____
Personal Property Manufactured Structures	_____	_____
Real Property	_____	_____
3. Number of delinquent tax notices sent		
Business Personal Property	_____	_____
Personal Property Manufactured Structures	_____	_____
Real Property	_____	_____
4. Number of foreclosure accounts processed		
Real Property only	_____	_____
5. Number of accounts issued redemption notices		
Real Property only	_____	_____
6. Number of warrants		
7. Number of garnishments		
8. Number of seizures		
9. Number of bankruptcies		
10. Number of accounts with an address change processed		
<hr/>		
11. How many second trimester statements do you mail?		
12. How many third trimester statements do you mail?		
13. Does the county contract for lock box service? <input type="checkbox"/> Yes <input type="checkbox"/> No		
14. Does the county use in-house remittance processing? <input type="checkbox"/> Yes <input type="checkbox"/> No		
15. If tax collector is combined with another county function, please describe that function.		



Form 6
Assessment and Administrative
Support and Cartography
Work Activity

2011-12

County _____

Assessment and Administrative Support
Work Activity

Numbers by Activity	
Actual 2010-11	Estimated 2011-12

1. Number of Deeds Worked	_____	_____
--	-------	-------

Cartography Work Activity

Numbers by Activity	
Actual 2010-11	Estimated 2011-12

1. Number of new tax lots	_____	_____
2. Number of lot line adjustments	_____	_____
3. Number of consolidations	_____	_____
4. Number of new maps	_____	_____
5. Number of tax code boundary changes	_____	_____



Form 7 Summary of Expenses

2011-12

County _____

	A. Assessment Administration	B. Valuation	C. BOPTA	D. Tax Collection & Distribution	E. Cartography*	F. A&T Data Processing	TOTALS
Current Operating Expenses							
1. Personal Services							
2. Materials & Services							
3. Transportation							
4. Total Current Operating Expenses (Total Direct Expenses)							

* Include ORMAP-approved grant funding

Indirect Expenses

5. Total Direct Expenses (line 4)	
6. If you use the 5 percent method to calculate your indirect expenses, enter .05 in this box.	
Total Indirect Expenses (line 5 x line 6).....	
6A. If you use a percent amount approved by a federal granting agency to calculate your indirect expenses, enter that percentage in this box.....	
Total Indirect Expenses (line 6A x the direct expense amount for the category/categories that your certificate allows).....	
7. Total Indirect Expenses	

Capital Outlay

	Assessment Administration	Valuation	BOPTA	Tax Collection & Distribution	Cartography	A&T Data Processing	Total Capital Outlay Without Regard to Limitation
8. Enter the actual capital outlay without regard to limitation.							
9. Total direct and indirect expenses (line 4 + line 7)							
10. Direct and indirect expenses x 0.06							
11. The greater of line 10 or \$50,000.....							
12. Capital outlay (the lesser of line 8 or line 11)							
13. Total expenditures for CAFFA consideration (line 4 + line 7 + line 12).....							

Grant Application Resolution

_____ County is applying to the Department of Revenue in order to participate in the Assessment and Taxation grant.

This state grant provides funding for counties to help them come into compliance or remain in compliance with ORS 308.232, 308.234, Chapters 309, 310, 311, 312, and other laws requiring equity and uniformity in the system of property taxation.

_____ County has undertaken a self-assessment of its compliance with the laws and rules that govern the Oregon property tax system. County is generally in compliance with ORS 308.232, 308.234, Chapters 309, 310, 311, 312, and other laws requiring equity and uniformity in the system of property taxation.

_____ County agrees to appropriate the budgeted dollars based on 100 percent of the expenditures certified in the grant application in the amount of \$ _____, the total expenditure amount for consideration in the grant. If 100 percent is not appropriated, no grant shall be made to the county for the quarter in which the county is out of compliance.

County designates:

_____	_____	_____
Name	Telephone	E-mail Address

As the county contact person for this grant application.

Signature of Chairperson or Judge of Governing Body

Date Signed

Addenda

Frequently asked questions page 22

Oregon revised statutes and Oregon administrative rules:

ORS 294.175 Definitions; county expenditures for assessment; determination of adequacy; certification of adequacy; appeal of denial of certification; effect of certification.

OAR 150-294.175 Department of Revenue Review of the County Assessment, Appeal, Collection, and Distribution of Property Taxes.

OAR 150-294.175(1)(c) Expenditures for Assessment and Taxation.

OAR 150-294.175(2) Definition: Certification of Compliance. Plan to Achieve Adequacy.

OAR 150-294.175(2)-(A) Contents of Grant Application.

OAR 150-294.175(2)-(B) Estimates of Expenditures for Assessment of Taxation.

OAR 150-294.175(6) Certification.

FREQUENTLY ASKED QUESTIONS

FORM 1:

1. May counties elect not to apply any costs under “C. Clerk/BOPTA Staff” if they have had only a few appeals?

If a county has few or no appeals, there are still costs involved in administering the BOPTA program, and the county benefits from including this program in the grant. If no FTE or dollar amount is allocated to this program in the application, the Department of Revenue (DOR) would be unable to determine whether the program is being satisfactorily supported.

FORM 3:

1. Clarify how to list people who are hired for special projects.

List these people under Materials and Services on Form 7 and provide additional explanation/information on Form 3. This will help DOR to have a more complete picture of the actual staff needed to perform various functions. There was consensus among the Standards Appraisal Committee that FTE was considered to be regular county employees, not contractors, temporary staff, etc.

FORM 4:

1. What is considered omitted property?

This is defined in ORS 311.216.

2. Under “Special Assessments” there was a question about numbers and numbers of reviews performed (by application/disqualification).

For this Valuation Activity, track the number of accounts and FTE for which an application was received and processed for any special assessment program such as farm, forest, or low-income housing. Also include any accounts for which you processed a disqualification from those special assessment programs. Include in this category any accounts for which you mailed and reviewed income questionnaires for continued qualification, such as those for non-EFU farmlands.

Do not include work related to the annual recalculation of farm or forest special assessment values. Track that work, including the number of accounts, on Form 4, Section 3, “Real Property Valuation–Recalculation” only.

3. How should counties count the appeals for the:

- Magistrate Division and Regular Division Tax Court?
- The appeals outstanding?
- The new appeals for the year?
- The appeals counties plan to work on during the year?

Within the time frame of the fiscal year, count the net number of appeals that will be active during the year at the Magistrate and Regular Division levels of the Tax Court. Begin with the number of appeals outstanding at the beginning of the fiscal year. Then, add the number of new appeals expected to be filed at each level, and subtract the number of appeals expected to be resolved during the year. Enter these numbers on the “Magistrate Division” and “Regular Division” lines of Form 4, Section 2, “Appeals.”

4. Under “Recalculation only,” clarify field review.

Recalculation may be tracked either as Physical Reappraisal or Recalculation only. The difference is the degree of field activity involved.

If the recalculation process involves developing an appraisal set-up including land tables, local cost modifier, depreciation tables, and some level of physical field review of each account, count the work and the number of accounts involved as “Physical Reappraisal.”

If the recalculation process does not involve field review of the accounts, but instead is an update of the tables, a recalculation, and a review of the statistical indicators, count the work as “Recalculation Only.”

Account for the work surrounding the annual Farm-use Study under “Recalculation Only.” This would include the rent, expense, and cap

rate development, along with the updating of the specially assessed farm and forest values.

- 5. Under the Business Personal Property section, does DOR want total accounts or just those exceeding the threshold?**

DOR wants the number of returns mailed.

- 6. Clarify whether “Real Property Exceptions” means that a change is needed to the MAV or to the roll. Is this major or minor construction? Is it “red tag”-oriented?**

The “Real Property Exceptions” category of Form 4 should reflect all of the accounts that require an appraiser’s action as a result of exception activity. This is true whether or not the minimum threshold value is met. If an appraiser notes a small addition to a property that is below the minimum threshold for an addition to MAV, such as a storage shed, a fence, or a deck, it still requires an appraiser’s review and a file notation for tracking the cumulative additions. This counts as one account for purposes of filling in the “New Construction” field of Form 4, *Valuation–Appraisal Resources*.

- 7. Clarify how to count exemptions. For exemptions, does this include disabled veterans, active duty military, appraisals submitted, total number of exemptions, senior deferral?**

The assessment clerk typically handles those exempted by statute (without application). Appraisers typically handle those exempted by application. Form 4 refers to those exemptions requiring an application and are worked by the valuation appraisal staff. These exemptions typically require field review, appraisal, and allocation of value between exempt and taxable portions. Also count any property that is disqualified from exemption in this category.

Do not include in the count any disabled veterans’ exemptions, active duty military exemptions and/or senior/disabled deferrals. Counties experiencing an increase in workload due to more inquiries from potential applicants as a result of new legislation, for example, HB 2023 (2007) which modified

active duty military service requirements, may note such a change on Form 3.

The FTE count is the time the appraisal staff spends reviewing, appraising, or qualifying or disqualifying a property for an exempt use. Do not include the time the assessment clerk spends; this time is accounted for under Assessment Administration.

Note: For those larger counties that have an exemption specialist who performs field reviews, appraisals, approves applications, and works on disqualifications, their time should be accounted for on Form 4 as well. For these counties, the exemption specialist’s FTE must also be included in Form 1, B. Valuation–Appraisal Staff.

- 8. Under #2 “Appeals and Assessor Review,” where does the assessor track reductions in value made through December 31 or reductions in value resulting from stipulations filed prior to the time BOPTA convenes?**

Enter this information on Form 4 under #2 “Assessor Review and Stipulations.”

- 9. Do assessor stipulations filed with the clerk prior to the time the board convenes the BOPTA session result in an adjudicated value?**

An order is not issued when a stipulation is filed with BOPTA prior to the time the board holds its first meeting. Because no order is issued, petitions that are resolved by these stipulations do not result in an adjudicated value. Stipulations filed with the board at or after the time the board convenes do result in an adjudicated value because an order must be issued.

- 10. Where does the assessor put the time spent on the Farm-use Study?**

The time spent on the annual update of farm and forest values should be accounted for under “Real Property Valuation–Recalculation only.”

FORM 5:

1. Clarify dates in the places where we refer to “Actual 2010–2011.”

The actual dates for this time period are from 7/1/10 to 6/30/11.

2. Clarify what “in-house remittance processing” is.

Some counties process all of the tax payments in the county office as opposed to other counties that have outside organizations process payments (remittance processing) and then report to the county. The outside method is often referred to as a “lock box” and is usually done by the large banks at a special payment processing place. Some counties have “remittance” (payment) processors in their office and process payments for the county. This is what DOR is referring to as “in-house remittance processing.”

3. What should a county do if the assessor and tax collector are the same?

The FTE needs to be allocated between the assessment and tax functions. Determine if you are entering changes on the tax collection side or are entering, for example, deeds on the assessor side. You may want to track these separately.

4. Please describe what DOR wants in the way of “mailing address changes.”

“Mailing address changes” refers to the number of address changes processed after a real or personal property account has been created and is in the computer. Provide the number of mailing address changes for the real and personal property accounts which occur to either the assessment or the tax roll during the year. For address changes involving real property only, record the number of such changes arising from requests from the owner, not those resulting from processing a deed.

FORM 6—Assessment and Administrative Support Work Activity Section:

1. What does “deeds worked” mean? Before backlog or after going through?

Count each deed that the assessor processes during the fiscal year. If there are deeds that

the county has not worked, don’t count these. If there is a backlog of deeds, explain this on Form 3.

FORM 6—Cartography Work Activity Section:

1. Explain what is meant by “number of lot line adjustments” and “number of consolidations.”

These items are both tracked in the cartography offices as map maintenance. Line 2 is an adjustment to the boundary line(s) between two or more tax lots, the former being the most common. It can also involve tax lots that have the same owner or different owners. In certain counties they are also known as boundary line adjustments or property line adjustments. For example, if there were two tax lots involved in a lot line adjustment, count this as two, because it results in two new descriptions. If there were three tax lots involved in a lot line adjustment, count this as three, because it results in three new descriptions. In cases of dissimilar ownership, deeds will accompany the adjustment.

Line 3 represents the number of tax lots that have been created through combining pre-existing adjacent tax lots. It can involve two or more tax lots, the former being the most common. For example, if two tax lots are consolidated into one, count this as one consolidation. If three tax lots are consolidated into one tax lot, count this as two, etc.

FORM 7:

1. What is included in capital outlay for the purpose of the grant application?

Textbooks typically define capital outlay as expenditure involving the purchase of an item having a useful life of more than one year. However, according to OAR 150-294.175(1)(c)(4)(c)(A); (see “Addenda”), counties are directed to use the definition presently used by the individual county to determine whether or not an item is capital outlay.

Some of the greatest confusion in categorizing capital outlay lies in the area of computer system acquisitions, either in whole, or in part (specific modules, e.g., tax package, valuation

package). System acquisitions will ordinarily contain both hardware and software components. The bulk of the intrinsic value from the system acquisition (and typically the bulk of the cost) arises from the underlying system programming and “code.”

For purposes of the grant application, when the county has purchased and owns the entire computer system outright, from hardware to software and all the underlying code, consider the entire purchase as a capital outlay. Treat installment plan purchases the same as a capital outlay purchase, considering at least the annual principal payments as a capital outlay (financing is ineligible for grant funding).

At the other extreme, if the county leases the entire system, and there is *no* option to purchase any portion of the system (hardware, software, or program code), treat this arrangement as any other lease; it will fall under the materials and services category.

The most difficult category is in the middle, when a county enters into a lease with an option to buy all or part of the system components during or at the conclusion of the lease agreement. If the vendor licenses use of the code, but retains control of the code during the life of the lease, and the county has no option to buy the code, then the underlying value attributable to the code is categorized under materials and services. If the county has the option to buy the code at any point during the lease, then the value attributable to that right is deemed capital outlay based on the market value of the expected remaining useful life of the code at the time of purchase.

2. Clarify the number in #6A.

OAR 150-294.175(1)(c)(5)(a), (see “Addenda”), states that the number in question is “A percentage amount approved by a Federal Granting Agency for the county in accordance with the Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government. The percentage must be applied in the same manner as has been approved by the Federal Agency.”

Counties that have a certified federal grant have the choice to use that percentage to

calculate indirect costs or use the alternate method as explained in OAR 150-294.175(1)(c)(5)(b), (see “Addenda”). The counties may choose which method is the most advantageous to them. If a county chooses the certified federal grant method, that percentage will apply to the total of all qualifying federal grants for purposes of calculating the indirect cost allowance.

3. Will counties receive ORMAP dollars and a percentage?

The short answer is, generally yes. ORMAP dollars used for cartography expenditures for the fiscal year should be claimed as part of the CAFFA grant by the county. If the ORMAP dollars include the purchase of items that are deemed a capital outlay expenditure, it is possible that a portion of the ORMAP dollars (or for that matter, other capital outlay expenditures) might be limited by the capital outlay limitation.

4. How are ORMAP contractors handled?

Because these are contractors, the value of the services provided would be placed under materials and services. Additionally, in these circumstances, the county should record a brief explanation of the services rendered by the ORMAP contractor on Form 2.

5. What happens if a county has more than one ORMAP grant? Do all of them need to be accounted for?

Yes, the county should account for all ORMAP grants used for cartography expenditures in order to be eligible for the “octane boost” provided by the CAFFA grant funding. Likewise, ORMAP expenditures should be classified by appropriate type (e.g., materials and services, capital outlay, etc.). If you have already claimed ORMAP-approved expenditures for CAFFA grant funding in a previous year, you may not resubmit those same expenditures.

6. What is the time period the county should account for in reporting the ORMAP dollars?

As with all expenditures claimed for CAFFA grant support, ORMAP dollars should relate to budgeted expenditures for the fiscal year.

GENERAL FAQs:

1. What does a county do if they find errors on the form(s) after they have filed?

Contact the CAFFA Grant Coordinator at 503-945-8355. The coordinator will unlock the forms and give you authority to make changes.

2. If a county has no comments, does it still need to file Form 2 and Form 3?

Yes. Type "N/A" (not applicable) on Form 2 and Form 3 if you have no information to submit. Then we will know that you did not inadvertently forget to file a form.

3. Does DOR have a way to verify that no one has tampered with the numbers and dollars in the grant document and that DOR received the correct figures?

The CAFFA web forms for your county are password protected. The information you submit electronically to the department is what the department will download.

4. Will the county receive a confirmation e-mail after filing the grant application?

Yes. You will receive e-mail confirmation that you have filed the grant forms.

5. Does the county's organizational chart have to have employee names?

Yes.

ORS 294.175. Definitions; county expenditures for assessment; determination of adequacy; certification of adequacy; appeal of denial of certification; effect of certification.

(1) As used in this section and ORS 294.178 to 294.187:

(a) "Department" means the Department of Revenue.

(b) "Expenditures" has the meaning given the term for purposes of ORS 294.305 to 294.520 and may be further defined by rule of the department. "Expenditures" does not include any item or class of items that cannot reasonably be allocated to an organizational unit.

(c) "Expenditures for assessment and taxation" means expenditures for any of the activities, functions or services required of a county in the assessment, equalization, levy, collection or distribution of property taxes under ORS chapters 305, 306, 307, 308, 308A, 309, 310, 311, 312 and 321. "Expenditures for assessment and taxation" specifically includes expenditures for appraising principal or secondary industrial properties, the responsibility for the making of which has been delegated by the department to a county under ORS 306.126 (3).

(d) "Grant" has the meaning given the term for purposes of ORS 294.305 to 294.520, and is further described under ORS 294.178.

(2) On or before May 1 of each year, each county shall file with the department a true copy of its estimates of expenditures for assessment and taxation for the ensuing year as prepared for purposes of ORS 294.352 but in accordance with any rules adopted by the department.

(3) Upon receipt of the estimate, the department shall review the estimate to determine its adequacy to provide the resources needed to achieve compliance with ORS 308.232 and 308.234, ORS chapter 309 and other laws requiring equality and uniformity in the system of property taxation within the county in order that the same equality and uniformity may be achieved throughout the state.

(4) If, upon initial review of the estimate, the department determines that the proposed expenditures, or any of them, are not at the level or of the type needed to achieve adequacy, the department shall notify the county governing body. The notice shall contain an explanation of the reasons for the determination and may describe specific items or classifications of expenditure which the department has determined are required, or are not required, in order to achieve adequacy. The notice shall fix the date upon which a conference with the county governing body or representatives of the county governing body shall be held.

(5)(a) Subject to paragraph (b) of this subsection, if, upon initial review, or upon or after conference held on the date specified in the notice

under subsection (4) of this section, or another date or dates convenient to the department and the county governing body, the department determines that the expenditures as initially filed, or that the expenditures as agreed upon at the conference, are at the level and of the type needed to achieve adequacy for that year or over a period of years under a plan presented as described under ORS 294.181, the department shall certify to the county governing body that its estimate of expenditures for assessment and taxation so determined are adequate and that the county will be included in the computation made under ORS 294.178 for the purpose of determining the amount of that county's quarterly grant. The department shall include in the certification an estimate of the percentage share of the funds available in the County Assessment Function Funding Assistance Account that the county will receive under ORS 294.178 and an estimate of the total amount of the grant that will be forthcoming to the county from that account for the ensuing year on account of the certification.

- (b) The department shall not certify expenditures under this subsection that the department determines are in excess of the expenditures necessary to meet the requirements of subsection (3) of this section.
- (6) Any certification issued under subsection (5) of this section shall be issued as of the June 15 following the filing of the estimate of expenditures under subsection (2) of this section. If, as of June 15, agreement has not been reached between the department and the county governing body upon the estimate, the department shall issue a denial of certification.
- (7) A county may appeal the determination of the department under subsection (5)(b) of this section or the denial of certification issued under subsection (6) of this section to the Director of the Oregon Department of Administrative Services. Appeal shall be filed within 10 days after the date that the denial of certification is issued. The sole issue upon appeal shall be the adequacy of expenditures for assessment and taxation as filed with the department under subsection (2) of this section, and the determination, if any,

made by the department under subsection (5) (b) of this section. If the Oregon Department of Administrative Services does not issue an order approving the expenditures before July 1 of the fiscal year for which the expenditures are proposed, the certification for purposes of ORS 294.175 to 294.187 shall be considered denied. [1989 c.796 §2; 1995 c.748 §11; 1997 c.782 §2; 1999 c.314 §88; 2003 c.169 §9].

OAR 150-294.175. Definitions; county expenditures for assessment; determination of adequacy; certification of adequacy; appeal of denial of certification; effect of certification.

Department of Revenue Review of the County Assessment, Appeal, Collection, and Distribution of Property Taxes.

- (1) As used in ORS 294.175, the following definitions will apply:
 - (a) "Adequacy to provide the resources needed to achieve compliance" means: Appropriate and sufficient resources to maintain compliance with all laws and rules pertaining to the assessment, levying, and collection of property taxes.
 - (b) "Laws requiring equality and uniformity in the system of property taxation" includes administrative rules implementing those statutes.
 - (c) "Equality" means equity of assessments as required by the Oregon Constitution and laws to achieve fairness in property taxation.
 - (d) "Other laws" include but are not limited to Chapters 305 to and including 312.
 - (e) "Review" under ORS 294.175 may include, but is not limited to, an examination by the department of any county records, both paper and magnetic media; interviews with county staff, field review of values and procedures; and special studies.
- (2) County programs operating under a department approved conference agreement or plan must maintain levels of uniformity and equity established under the agreement or plan.

- (3) At the department's discretion, the department may examine any property and records to verify the accuracy of county records.
- (4) For counties under the Computer Assisted Valuation program, part of the review will consist of the review required by ORS 308.027. When the department conducts a review of counties not under ORS 308.027, current appraisals will be reviewed to ensure they comply with the established standards for an appraisal contained in OAR 150-308.027(10).
- (5) The department must provide written notice to the county governing body, assessor, and tax collector of any scheduled review no less than 30 days prior to the date the review is scheduled to begin. This notice must contain:
 - (a) The date the department will begin its review;
 - (b) The purpose of the review;
 - (c) A list of initial records the county must provide to the department. The records must be provided no later than the date specified in (a) above. The county must provide the department access to any records requested that are not available in hard copy or portable format;
 - (d) An estimate by the department of the number of department staff who will participate in the review. The county must make available adequate work space for the conduct of this review.
- (6) The determination by the department that assessment and taxation activities, functions or services of the county are not adequate to maintain compliance or are not in compliance with a conference agreement or plan must be made no later than 40 days prior to the next fiscal quarter. The department will notify the county governing body within 10 days by certified or registered mail of its final determination of deficiency and the approximate amount of funds that will be withheld.

If the department's notice is not sent in a timely manner, the funds will be withheld from the next following fiscal quarter which begins at least 40 days from the date

of mailing the notice. No further notice by the department will be required. If the deficiency is corrected to the department's satisfaction at least 30 days prior to the start of the ensuing fiscal quarter, no funds will be withheld.

- (a) Example 1—Next fiscal quarter begins—October 1; Department makes determination—August 15; Department notifies county by—August 15; No corrective action taken by county; Funds withheld from county beginning—October 1.
- (b) Example 2—Next fiscal quarter begins—October 1; Department makes determination—September 5; Department notifies county by—September 14; No corrective action taken by county; Funds withheld from county beginning—January 1.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 294.175

Hist.: RD 3-1989, f 12-18-89, cert. ef 12-31-89; REV 3-2001, f 7-31-01, cert. ef 8-1-01, Renumbered from 150-294.005

(Note)-(D).

OAR 150-294.175(I)(c). Expenditures for Assessment and Taxation.

- (1) Expenditures include all direct costs, including personnel and supplies, associated with the assessment and appeal of property values and the collection and distribution of property taxes, as set out in ORS Chapters 305 through 312 and 321 or other statutes relating to the assessment, appeal, collection, and distribution of property taxes. Costs resulting from the performance of these functions performed in the offices of the county must be allowed.
- (2) All expenditures for assessment and taxation funding will be for no more than one fiscal year.
- (3) Costs incurred by the assessor's, tax collector's, and treasurer's office, or any other office in the county that are not attributable to assessment and taxation as set out in ORS chapters 305 through 312 and 321 or any other statute or meet the requirements of section (1) of this rule must not be allowed.

(4) Direct costs include:

- (a) Personnel Services.

- (b) Materials and Services. The cost of transportation included as a direct cost must be determined using one of the following two methods:
 - (A) The estimate of the actual cost of operating vehicle for a twelve-month period plus a depreciation allowance for the useful life of the vehicle.
 - (B) The mileage rate used in the other county programs, with the estimate of number of miles to be driven based on historical information.
- (c) Capital Outlay.
 - (A) In determining what is a capital outlay expenditure, counties must use the definition presently used by the individual county to determine whether or not an item is capital outlay.
 - (B) Automobiles purchased by the county and used for assessment and taxation functions are included as an expense item under Section (4)(b)(1)(A) of this rule. They must not be included as part of the capital outlay expenditures eligible to be certified for funding under ORS Chapter 294.
 - (C) The county must be limited in the amount of capital outlay expenditure to be funded by these statutes to the higher of:
 - (i) \$50,000; or
 - (ii) Six percent (6%) of the total dollars certified as expenditures under the statutes for funding pursuant to ORS Chapter 294.
 - (d) Data processing support based on the actual cost of items directly relating to assessment and taxation. For example:
 - (A) System operating costs will be allocated on a pro rata share based on the ratio of usage for assessment and taxation functions.
 - (B) Development of new computer applications to support the assessment and taxation functions.
 - (C) Technical education of assessment and taxation staff.
 - (D) Software changes required because of changes to laws or rules which govern the assessment, appeal, levy, collection or distribution of property taxes.
 - (E) Software changes requested by the user to improve or extend the functionality of the system.
 - (F) Elimination of reproducible errors (BUGS) in the application software.
 - (G) Installation of periodic software upgrades.
 - (H) Training of user staff in the use of new or enhanced software.
 - (I) Technical assistance for personal computer support.
 - (J) Only cadastral maps or mapping necessary for the assessor's office must be included in the expenditures for assessment and taxation funding. All other costs for maps or mapping must not be allowed.
 - (5) Indirect costs associated with the assessment, appeal, collection, and distribution of property taxes will be determined using one of the following methods.
 - (a) A percentage amount approved by a Federal Granting Agency for the county in accordance with the Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government. The percentage must be applied in the same manner as has been approved by the Federal Agency; or
 - (b) Five percent of the total direct expenditures less capital outlay.

Stat. Auth.: ORS 305.100
 Stats. Implemented: ORS 294.175
 Hist.: RD 3-1989, f 12-18-89, cert. ef 12-31-89; REV 8-2000, f & cert. ef 8-3-00; REV 3-2001, f 7-31-01, cert. ef 8-1-01, Renumbered from 150-294.005 (Note)-(A)(1).

OAR 150-294.175(2). Definition: Certification of Compliance. Plan to Achieve Adequacy.

- (1) On or before May 1 of each year, each county will file with the Department of Revenue an estimate of expenditures as required by ORS 294.175. The Department of Revenue will determine the adequacy of each county's estimates of expenditures to comply with the requirements of ORS 308.027, 308.232, 308.234, ORS Ch. 309, and other laws requiring equality and uniformity in the system of property taxation. For any county whose

proposed expenditures are neither at a level nor of a type to achieve adequacy as determined by the department, the county will state how it intends to comply with a plan to achieve adequacy previously approved by the department.

- (2) Any county which is not in compliance as of January 1, of any year, and does not have a plan to achieve adequacy which has been approved by the department must, in lieu of the statement of compliance required under section I of this rule, submit a plan to achieve adequacy. After its review of the plan, the department will, if it deems necessary before approval, set a date for a meeting to be held with the county. The meeting may be for review of the plan only, or may be held in conjunction with the conference with the county governing body on their expenditure level.
- (3) At the meeting the department and county governing body, assessing officials, and others as appropriate, will conduct a thorough review of the plan to identify and resolve any areas of disagreement. Before the conclusion of the meeting the department will inform the county governing body of its agreement with the plan, or modifications that may be necessary to the plan before approval. If the department and county governing body reach agreement on the county's plan, or modified plan, the department will include in its approval, based upon the plan, the number of years for the county to reach full compliance.
- (4) Within ten days after the date of the meeting, the county governing body must furnish to the department a signed resolution of intent by the county governing body and assessing official to meet the provisions of the plan.
- (5) If the department and county governing body can not reach agreement on the plan, or if the signed statement of intent is not furnished to the department by June 1 of the year, the department must issue a denial of certification under Or. Laws 1989 Ch. 796 Sec. 2 Sub. (6).

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 294.005

Hist.: RD 3-1989, f 12-18-89, cert. ef 12-31-89; RD 2-1995, f 12-29-95, cert. ef 12-31-95; REV 3-2001, f 7-31-01, cert. ef 8-1-01, Renumbered from 150-294.005(Note)-(B)(2).

OAR 150-294.175(2)-(A). Contents of Grant Application.

- (1) On or before May 1 of each year, each county must file with the Department of Revenue an application in order to participate in the grant program provided through the County Assessment Function Funding Assistance Account under ORS 294.178.
- (2) The county must submit a grant application on forms provided by the department.
- (3) The application must be accompanied by a resolution from the governing body of the county.
 - (a) The grant application resolution must be signed by the chairperson or judge of the governing body, or an appointee of the governing body that is acting under the authority of the governing body.
 - (b) If the chairperson or judge does not sign the resolution, the county also must submit a copy of the minutes of the meeting in which the governing body heard and approved the grant application resolution.
 - (c) The resolution must provide that the county agrees to appropriate the budgeted dollars in the grant application based on 100 percent of the expenditures certified by the department as provided under ORS 294.175(5).
- (4) The department may reject an application that fails to meet the requirements of subsections (2) and (3).

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 305.100 & 294.175

Stats. Implemented: ORS 294.175

Hist.: REV 6-2003, f. & cert. ef. 12-31-03.

OAR 150-294.175(2)-(B). Estimates of Expenditures for Assessment and Taxation.

- (1) On or before May 1 of each year, each county must file with the Department of Revenue an estimate of expenditures for assessment and taxation as required by ORS 294.175 in order to participate in the grant program provided

under ORS 294.178 for the tax year beginning on July 1.

- (2) The county must file an amended estimate of expenditures no later than June 1 if it determines there is a need to increase or decrease its estimated expenditures.
- (3) The amended filing must be filed in the same manner as the original application.
- (4) The department will review the amended filing using the review standards and criteria for determining adequacy of resources that were applicable to the original filing.

Stat. Auth.: ORS 305.100 & 294.175

Stats. Implemented: ORS 294.175

Hist.: REV 6-2003, f. & cert. ef. 12-31-03; Amended 1/1/2011.

OAR 150-294.175(6). Certification.

- (1) On or before June 15 of each year, the Department of Revenue, must mail to the governing body of each county a letter of certification or of denial of participation in the County Assessment Function Funding Assistance (CAFFA) Account.
- (2) The letter of certification referred to in (1) above must include the following information:
 - (a) The total dollar expenditures budgeted by the county and approved by the department

to be funded under the County Assessment Function Funding Program for that county.

- (b) A statement that the total expenditures budgeted by the county for the assessment and equalization of property values and the collection and distribution of property taxes is adequate to maintain the county property taxation system or to comply with an approved plan to bring the county property taxation system into compliance.
 - (c) An estimate of the total dollars to be available for distribution to the counties from the CAFFA Account in the ensuing fiscal year.
 - (d) An estimate of the county's percentage distribution rate. For example, County A will receive 5 percent of the total for distribution from the CAFFA Account.
 - (e) An estimate of the total amount the county will receive from the grant during the ensuing fiscal year.
- (3) The letter of denial referred to in (1) above must include the following information:
 - (a) Reason(s) for the denial. (b) Appeal process for the county, if any.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 294.175

Hist.: RD 3-1989, f 12-18-89, cert. ef 12-31-89; RD 2-1995, f 12-29-95, cert. ef 12-31-95; REV 4-1999, f 12-1-99, cert. ef 12-31-99; REV 3-2001, f. 7-31-01, cert. ef. 8-1-01, Renumbered from 150-294.005(Note)-(B)(1).