



# Basic Local Budget Law

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Adopting the Budget

2021

Finance, Taxation & Exemptions

# Housekeeping

- Mute Audio/Video
- Update Display Name to your First & Last Name (Joe Smith)
- Send Questions to “Questions”
- CE Credits – Certificate will come via email







# Phase 3

## Governing Body Adopts the Budget

# Finance, Taxation & Exemptions Team



Trains Local Officials on Local Budget Law



Answers Questions about Local Budget Law and Property Taxes



Provides Budget Manuals and Forms

# Finance, Taxation & Exemptions Team



Reviews Tax Certifications



Reviews District Budgets

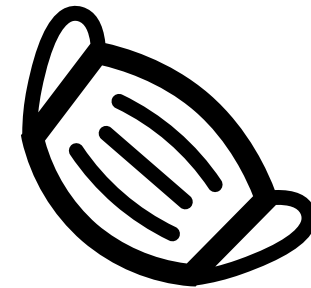


Advises County Assessors & Tax Collectors on Property Tax Law

# Local Budget Law Changes for 2021

## Covid-19 and Chapter 12 Oregon Laws 2020 First Special Session (HB 4212)

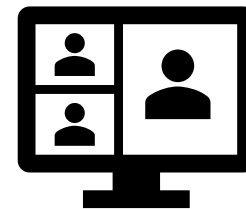
- Meetings may be held virtually
  - No requirement of physical space for public
  - Record meetings if technology available
- Social distancing for in person meetings
- Allows for alternative methods of testimony



# Local Budget Law Changes for 2021

Covid-19 and Chapter 12 Oregon Laws 2020 First Special Session (HB 4212)

- Quorum excludes absences due to COVID
- Allows for emergency expenditures
- Expires 30 days after end of emergency



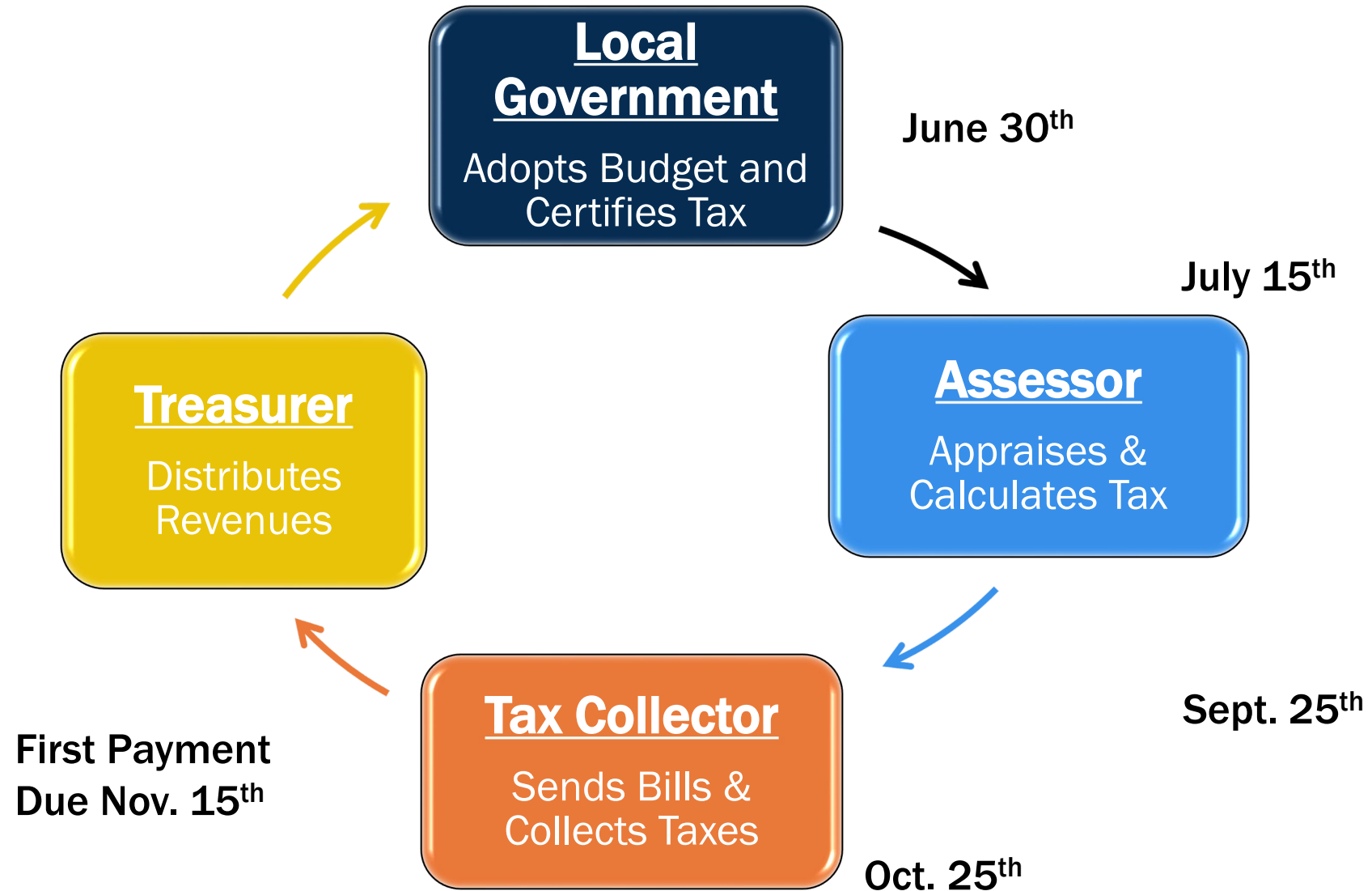
# Local Budget Law Changes for 2021

Wildfires  
&  
Proration of Tax





# Property Tax Cycle



# Purpose of Local Budget Law



Establish standard procedures



Outline programs & fiscal policies



Require estimates of resources and expenditures

# Purpose of Local Budget Law



Encourage citizen involvement



Control expenditure of public funds



ORS 294.321



# Why Follow Local Budget Law?

- A district that doesn't follow local budget law may not lawfully:
  - Expend money (with some exceptions)
  - Certify property taxes to the county assessor







# Why follow Local Budget Law?

- A property tax made contrary to LBL is voidable by the Oregon Tax Court if appealed by:
  - County Assessor
  - County Court
  - County Board of Commissioners
  - The Department of Revenue
  - Ten or more interested taxpayers

ORS 294.461



# DOR v Umatilla County, otc2519 (1986)

A portion of the 1986-87 tax levy was voided by the court.

Umatilla County failed to republish its budget summary to allow the board to impose a levy amount higher than the amount published in its budget summary.



# Civil Liability

Any public official who expends public monies in excess of the amounts or for any other purpose than authorized by law shall be civilly liable for the return of the money, if there is malfeasance in office or willful or wanton neglect of duty.



ORS 294.100

# Districts Not Subject to Local Budget Law

**ORS 261** People's utility districts

**ORS 440** Health districts

**ORS 545** Irrigation districts

**ORS 551** Diking districts

**ORS 553** Water control districts\*

**ORS 554** District improvement companies or corporations

**ORS 568** Soil and water conservation districts\*

**ORS 371** Special and Assessment road districts

**ORS 371** County Road district\*

**ORS 372** Highway lighting districts

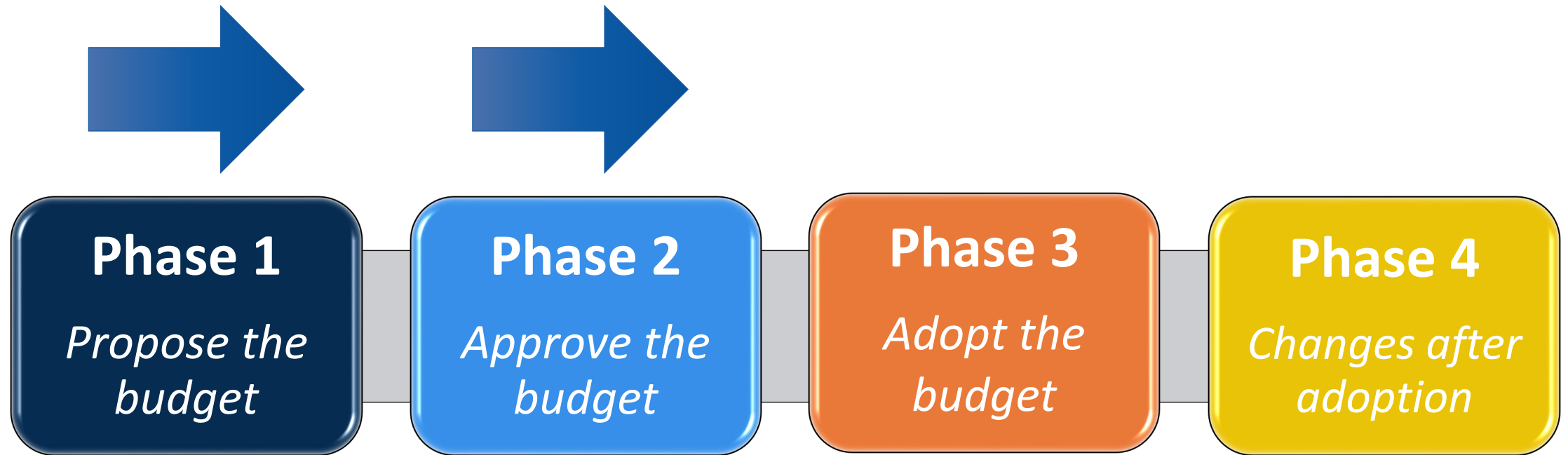
**ORS 547** Drainage districts

**ORS 221** Historic ghost towns

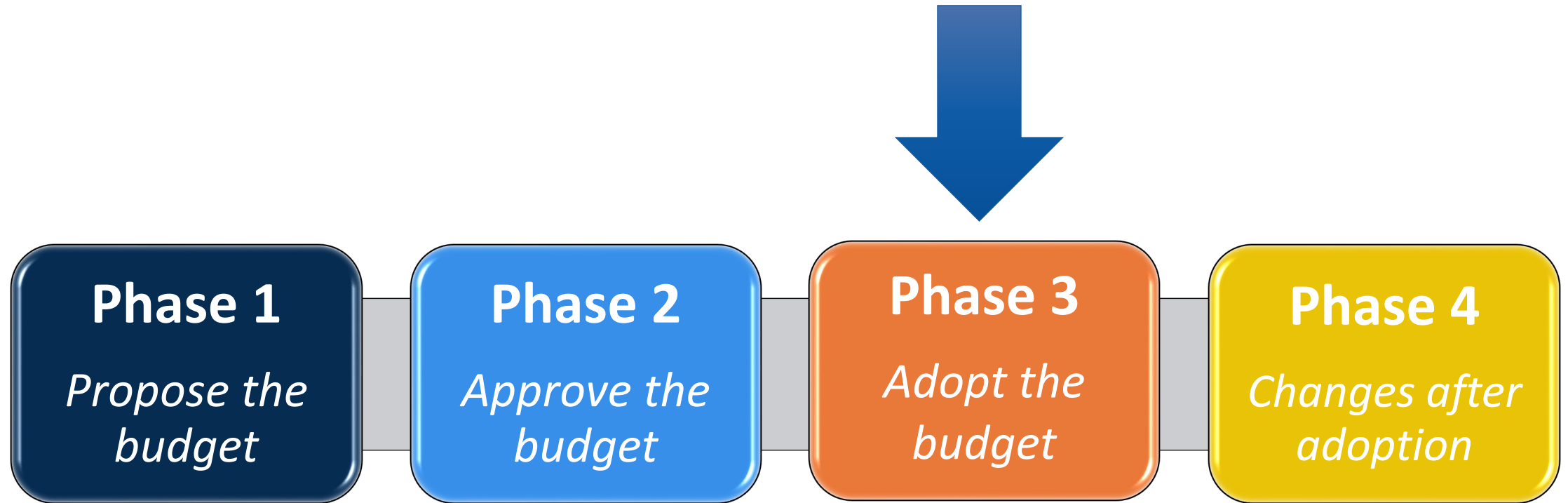
*\* That will not impose taxes during the ensuing year. If district does impose property tax any year, it is subject to Local Budget Law.*



# The Budget Process



# The Budget Process



# Publish Budget Hearing Notice & Summary of Budget

- Print once in newspaper 5-30 days before hearing
- Mail or hand deliver to each street address, PO Box and RRN 5-30 days before hearing
  - There is no Internet option for this notice
  - If budget < \$100,000 and no newspaper published in the district, can post in 3 places for at least 20 days prior to hearing

*In Multnomah County, submit budget to Tax Supervising Conservation Commission, if subject to its jurisdiction.*



# **LB-1 Form and Review Hearing Notice**





# Alternative Publication Format

- Optional Narrative Format
- Same information as on LB-1 form
- Same timeline as with LB-1 form
- Can use narrative, charts, pictures, etc.



ORS 294.438



# Correcting Publication Errors

- Publication is considered sufficient if the budget officer makes a “good faith” effort.
- If you know your notice will be late, re-schedule the hearing and publish timely.
- If you know your hearing won’t be on the date published, publish another notice.







# Correcting Publication Errors



- If these errors occur:
  - Typographical error
  - Math error
  - Error in calculating the tax
- Then at first meeting after the error is discovered, the budget officer must:
  - Advise the governing body in writing, and
  - Give testimony correcting the error.



ORS 294.451



# Governing Body Holds Budget Hearing



- Hold the hearing on the date published, or reschedule & publish a revised notice
- Hearing is on the budget “as approved” by budget committee
- Any person may comment on the budget





# Changes After Budget Hearing

After the hearing, the governing body can change the budget estimates and tax levy approved by the budget committee.

However, if they want to:

- increase tax by any amount -or-
- increase expenditures in any fund by 10% or more (or \$5,000 – whichever is greater)

They must republish the amended budget summary and hold another budget hearing.

# Resolutions

After the hearing and **on or before June 30**, the governing body must enact a resolution to:

1. Adopt the budget
2. Make Appropriations
3. Impose each tax levy
4. Categorize each tax by its Measure 5 category (Education or General Government)

# 1: Resolution Adopting the Budget

- State the fiscal year or biennial budget period
- State the total \$ amount of budget resources  
*(Be sure to include all resources and all funds)*

## Sample of Resolution Adopting the Budget:

*“BE IT RESOLVED that the Board of Directors of (district name) hereby adopts the budget for fiscal year 2021-2022 in the total amount of \$XXXXXX. This budget is now on file at (address).”*

## 2: Resolution Making Appropriations *Based on Organizational Units or Programs*

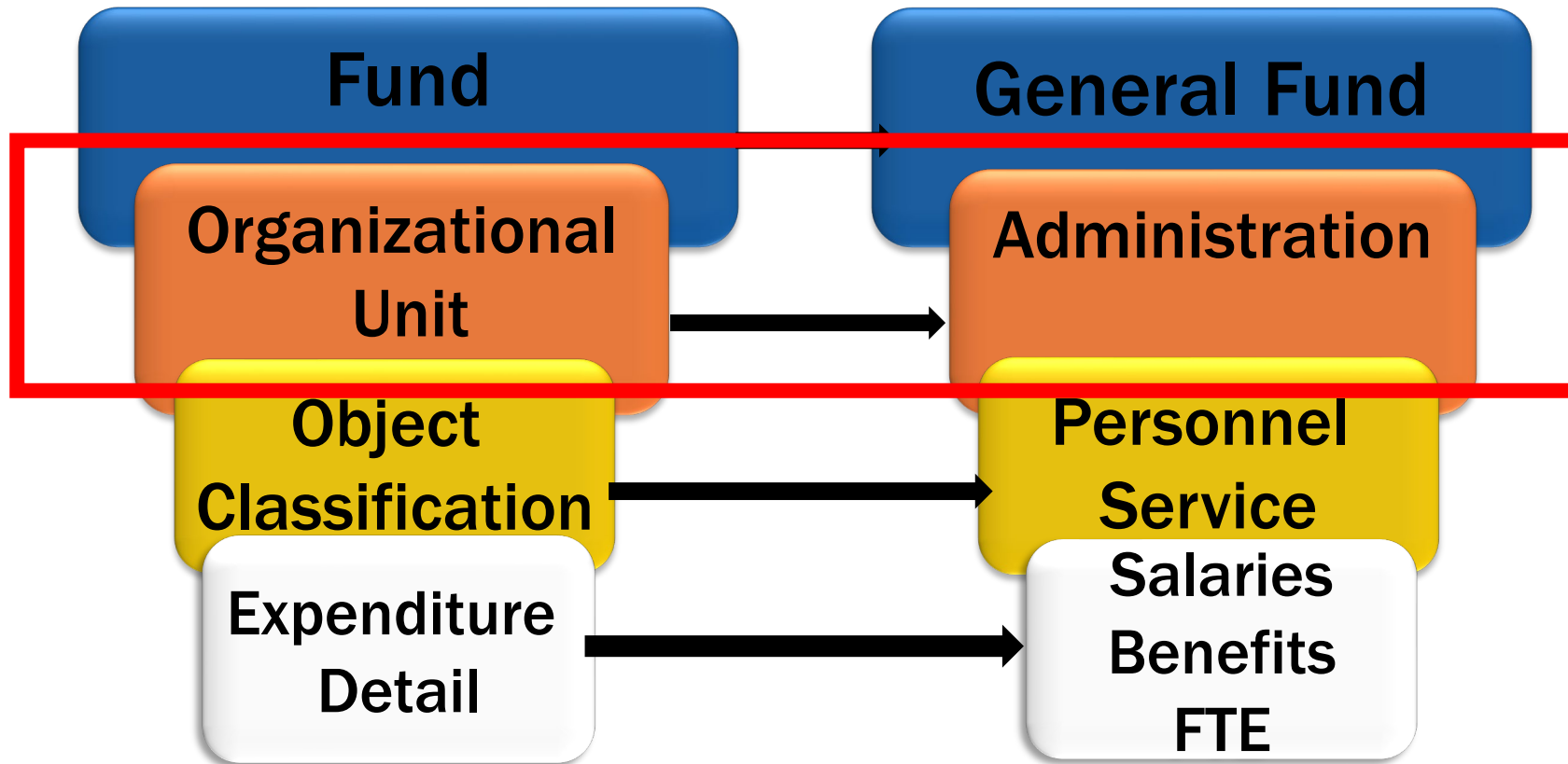
One amount for each Organizational Unit or Program.

*Include only Personnel Services, Materials & Services, and Capital Outlay*

Separate amounts for any:

- Personnel Services, Materials & Services, or Capital Outlay not allocated to an organizational unit or program
- Debt Service
- Special Payments
- Transfers
- Operating Contingency

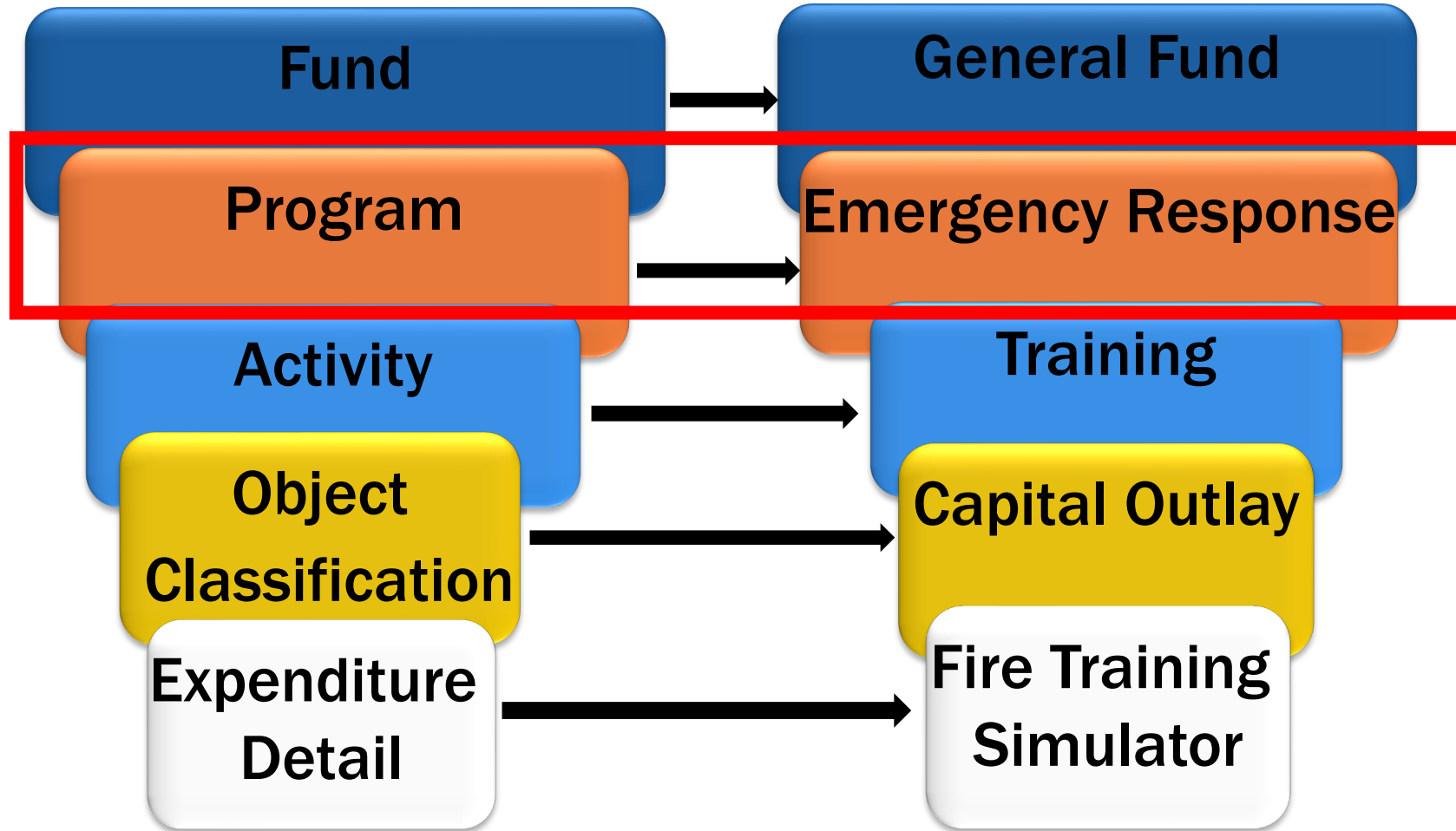
# Budget Organization – Organizational Units



Appropriate **one amount** at this level for Personnel Services + Materials and Services + Capital Outlay

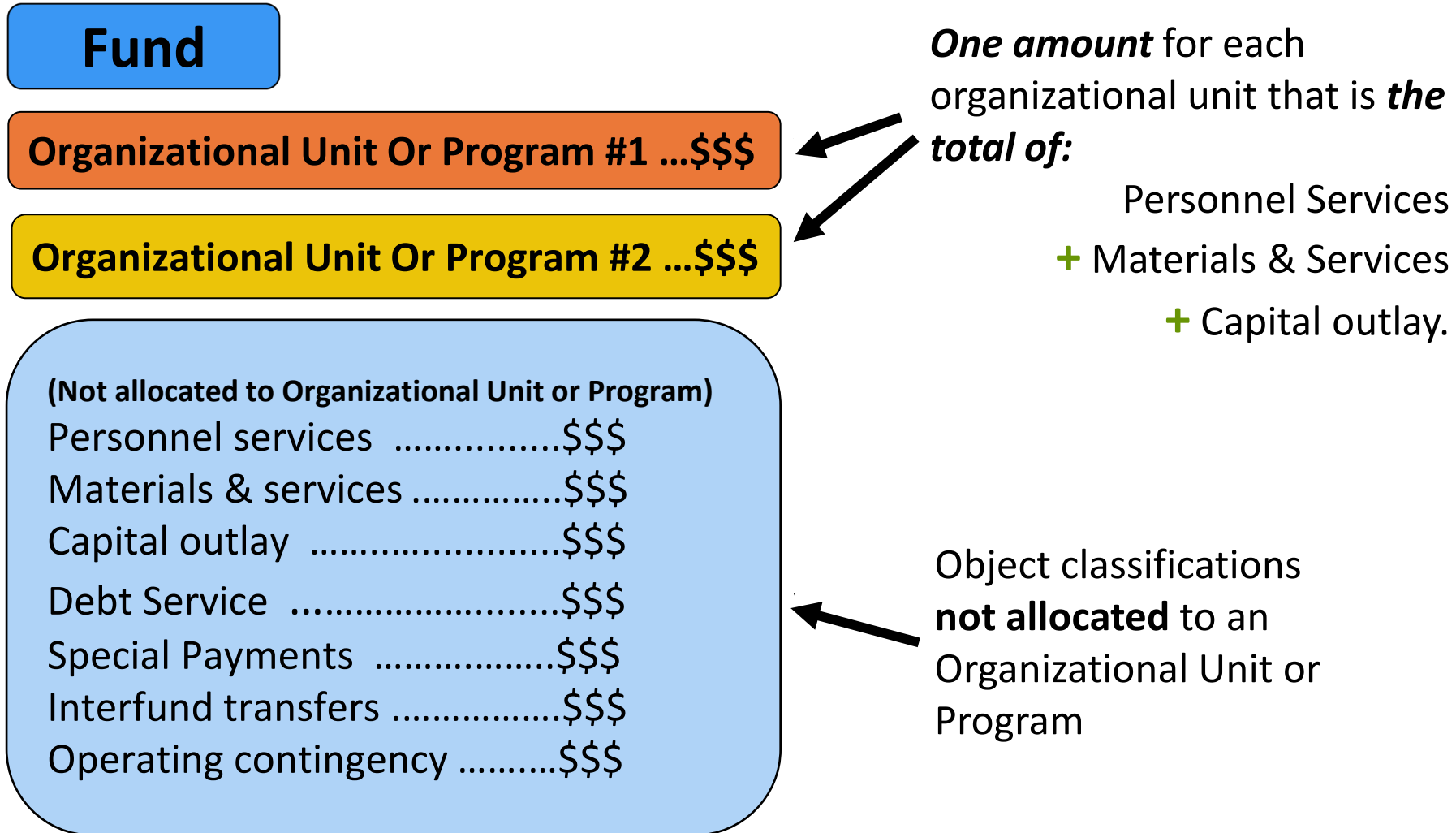


# Budget Organization – Programs



Appropriate **one amount** at this level for Personnel Services + Materials and Services + Capital Outlay

# Statutory Appropriations



# Appropriating to Greater Detail

## Statutory Minimum Standard

### General Fund

**Administration \$5000**

## Greater detail allowed by Admin Rule

### General Fund

#### **Administration**

Personnel Services	\$2000
Materials & Services	\$2000
Capital Outlay	\$1000

OAR 150-294-0510

# Organization of Appropriations

## **General fund**

Admin

Public Safety

Parks & Rec

Library

Municipal Court

Facilities

Personnel Services

Transfers

Contingency

## **GO Bond Debt Service Fund**

Debt Service

## **Streets Fund**

Street Department

## **Library Special Revenue Fund**

Library

## **Facilities Reserve Fund**

Facilities



# Appropriations Example

## **General Fund**

Administration	\$557,540
Public Safety	4,575,600
Parks and Rec	304,500
Library	424,650
Municipal Court	178,000
Facilities	334,000
<b>Personnel Services</b>	<b>150,000</b>
<b>Transfers</b>	<b>170,000</b>
<b>Contingency</b>	<b><u>75,000</u></b>
<b>Total</b>	<b>\$7,187,890</b>

# Schools Appropriate by ODE Function

For each fund:

<b>1000</b>	Instruction
<b>2000</b>	Support Services
<b>3000</b>	Enterprise & Community Services
<b>4000</b>	Facilities Acquisition and Construction
<b>5000</b>	Other Uses
	<i>5100</i> Debt Service
	<i>5200</i> Transfers
<b>6000</b>	Contingency

ORS 294.393

# Community Colleges Appropriate:

- by Higher Education Coordinating Commission (HECC) Function;
- by ODE Function; or
- by Organizational Unit



# Appropriations

<b>Appropriated</b>	<ul style="list-style-type: none"><li>• Personnel Services</li><li>• Materials &amp; Services</li><li>• Capital Outlay</li><li>• Debt Service</li><li>• Special Payments</li><li>• Transfers Out</li><li>• Contingency</li></ul>
<b>Never Appropriated</b>	<ul style="list-style-type: none"><li>• Reserved for Future Expenditure</li><li>• Unappropriated Ending Fund Balance (UEFB)</li></ul>

# Common Appropriation Errors

- ✗ No organizational units or programs or only in general fund
- ✗ “Non-departmental” identified as a “department”
- ✗ Contingency appropriated in a non-operating fund
- ✗ Reserves for Future Expenditure and Unappropriated Ending Balances appear to be appropriated





# Appropriation Question 1

*What's wrong with these appropriations?*

General Fund	
Administration	385,812
Police	557,907
Municipal Court	10,000
<b>Not allocated to Organization Unit or Program:</b>	
Materials & Services	147,310
Transfer Out (Debt Service)	75,000
Contingency	2,473
<b>Total</b>	<b>\$1,178,502</b>
Street Fund	
Streets	235,960
Debt Service	0
Transfers Out	12,022
Contingency	23,515
<b>Total</b>	<b>\$271,497</b>
Sewer Fund	
Sewer	488,336
Debt Service	0
Transfers Out	25,547
Contingency	34,452
<b>Total</b>	<b>\$548,335</b>
Water Fund	
Water Fund	530,300
Debt Service	0
Transfers Out	39,072
Contingency	43,088
<b>Total</b>	<b>\$612,460</b>

Timber Infrastructure & Improvement Fund	
TIIF	320,553
Transfers Out	131,011
Contingency	1,500,000
<b>Total</b>	<b>\$1,951,564</b>
Scout Lake Fund	
Scout Lake	38,500
<b>Total</b>	<b>\$38,500</b>
Enterprise Zone Fund	
Transfers Out	179,000
Contingency	65,095
<b>Total</b>	<b>\$244,095</b>
Infrastructure Maintenance & Improvement Fund	
Transfers Out	80,000
Contingency	88,675
<b>Total</b>	<b>\$168,675</b>
Sewer System Development	
Contingency	7,215
<b>Total</b>	<b>\$7,215</b>
Water System Development	
Contingency	44,880
<b>Total</b>	<b>\$44,880</b>

# Appropriation Question 2

## MAKING APPROPRIATIONS

BE IT FURTHER RESOLVED that the following appropriations totaling \$2,187,681 are made to the following funds:

*How about these?*

### GENERAL FUND

Administration	\$	123,295
Court	\$	63,905
Planning	\$	29,195
Non-Departmental		
Material and Services		137,410
Capital Outlay		2,300
Debt Services	\$	16,144
Transfers	\$	146,244
Contingency	\$	22,313
<b>TOTAL GENERAL FUND</b>	<b>\$</b>	<b>540,806</b>

### Parks

Personnel Services	\$	35,235
Material and Services	\$	59,499
Capital Outlay	\$	-
Contingency	\$	4,897
<b>Total</b>	<b>\$</b>	<b>99,631</b>

### Public Safety

Personnel Services	\$	204,025
Material and Services	\$	37,336
Contingency	\$	2,001
<b>Total</b>	<b>\$</b>	<b>243,362</b>

### Equipment Replacement

Capital Outlay	\$	19,078
Contingency	\$	-
<b>Total</b>	<b>\$</b>	<b>19,078</b>

### Water Enterprise

Personnel Services	\$	203,260
Material and Services	\$	101,575
Capital Outlay	\$	61,000
Debt Service	\$	61,759
Transfers	\$	10,000
Contingency	\$	24,581
<b>Total</b>	<b>\$</b>	<b>462,175</b>

### Sewer Enterprise

Personnel Services	\$	201,241
Material and Services	\$	78,931
Capital Outlay	\$	139,000
Debt Service	\$	182,168
Transfers	\$	1,000
Contingency	\$	15,231
<b>Total</b>	<b>\$</b>	<b>617,571</b>

### Streets

Personnel Services	\$	85,582
Material and Services	\$	18,910
Capital Outlay	\$	34,000
Contingency	\$	2,500
<b>Total</b>	<b>\$</b>	<b>140,992</b>

### Streets Capital Improvement

Capital Outlay	\$	-
Contingency	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

### 3: Resolution Imposing the Tax

- Impose each tax levy separately.
- Impose permanent rate per \$1,000 or a dollar amount (not both).
- Impose local option levy as approved by voters.
- Impose bond levy as a dollar amount.

\*\*\*Cannot exceed rate/amount approved by Budget Committee  
unless you republish budget summary and hold another hearing\*\*\*

## 4: Resolution Categorizing the Tax

Type of Tax	Subject to General Gov't Limit	Excluded from Limitation
Permanent rate limit	\$4.4143/\$1,000	
Local option levy	\$0.1213/\$1,000	
G.O. Bond levy		\$496,315

Categorize each tax (permanent rate limit, local option, G.O. bond levy) by its [Measure 5](#) category:

- Subject to “General Government” limit
- Subject to “Education” limit
- “Excluded from constitutional limits”

# Common Categorizing Tax Errors



Subject to General Government Limitation

*General Fund*

\$4.01/\$1,000

The resolution categorizing the tax should be done by [tax levy](#), not by fund.



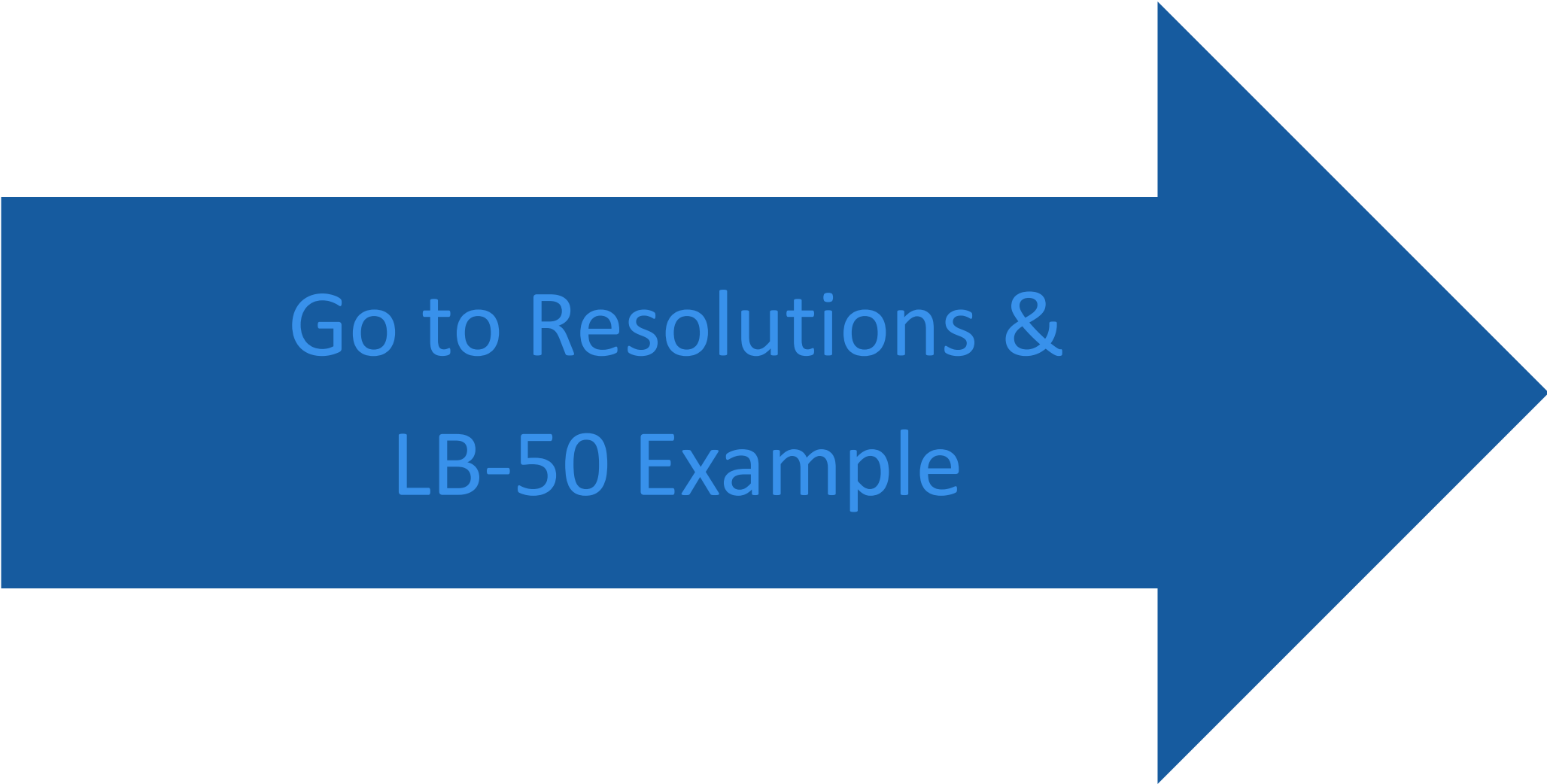
Subject to General Government Limitation

Permanent Rate Tax

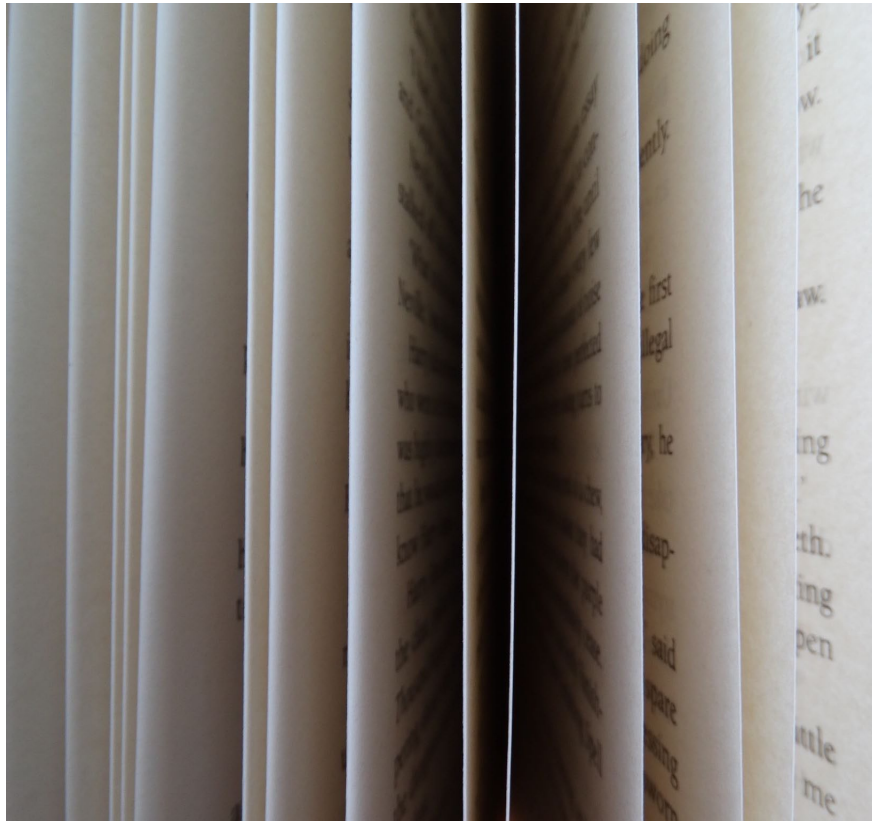
\$4.01/\$1,000

294.456(1)(a)





Go to Resolutions &  
LB-50 Example



## Documents Taxing Districts Submit

### **By July 15, send the Assessor :**

- 2 copies of the tax certification form,
- 2 copies of the resolutions,
- 2 copies of ballot measure for any new tax.



# Documents Taxing Districts Submit

**By Sept 30, send the County Clerk :**

Copy of complete budget document, including:

- Budget Message
- Budget detail sheets,
- Meeting notices or affidavits of publication,
- Resolutions adopting, appropriating, imposing, etc.,
- Tax certification
- Sample ballot for any new tax





# Documents Non-taxing Districts Submit

By July 15, send to Dept. of Revenue one copy of the resolutions.

Keep on file a copy of complete budget document, including:

- Budget Message
- Budget detail sheets,
- Meeting notices or affidavits of publication,
- Resolutions adopting, appropriating, imposing, etc.

ORS 294.458(1)

# Additional Requirements for Schools, ESD's & Community Colleges

## School Districts & ESD's:

- Hard copy of budget to Dept of Education by July 15th
- Electronic copy to Dept of Education financial data collection by August 15th

## Community Colleges:

- Copy of budget to Department of Higher Education Coordinating Commission (HECC) by July 15



# Discussion: Adopting and Appropriating

1. Can the resolution making appropriations include any of these appropriation categories: Miscellaneous, other, UEFB?
2. Which object classifications can be included in the appropriation amount for an org. unit/program?
3. Which statutory appropriation categories must be appropriated separately from a program or organizational unit?
4. In what type of fund are you allowed to budget and appropriate for contingency?
5. Should the total adopted budget amount include the unappropriated amounts?

# Discussion: Imposing & Categorizing

1. Is it acceptable to impose both a tax rate and a total tax amount for the same levy?
2. Can a GO Bond levy be imposed as a rate?
3. What are the three options when categorizing taxes by constitutional limitation?
4. Should taxes be categorized by each fund? Or, by each levy imposed?

# Adopting a Budget Question 1

The city of East Cupcake has extra money in their budget that they don't need for anything. They just put it into "Contingency".

*Is that OK? If not, what should they do?*



# Adopting a Budget

## Question 2

East Cupcake received a late donation and has more money than anticipated for next year. As a result, the council wants to change the budget approved by the budget committee before the council adopts it.

*Can they do that?*

*If so, what do they have to do?*



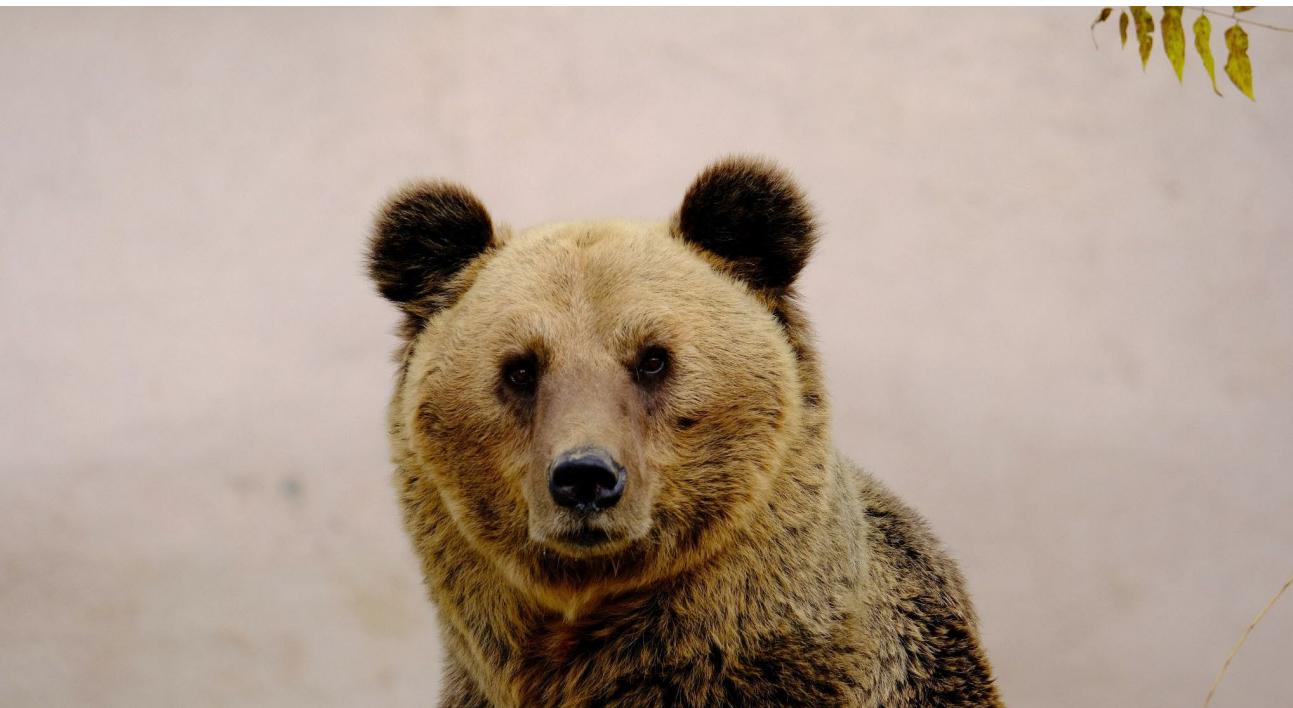




# Adopting a Budget Question 3

There's only one person who knows how to complete the LB-50 and he's on a hunting trip until the first of August.

*What can the district do in this situation?*





# Boundary Changes



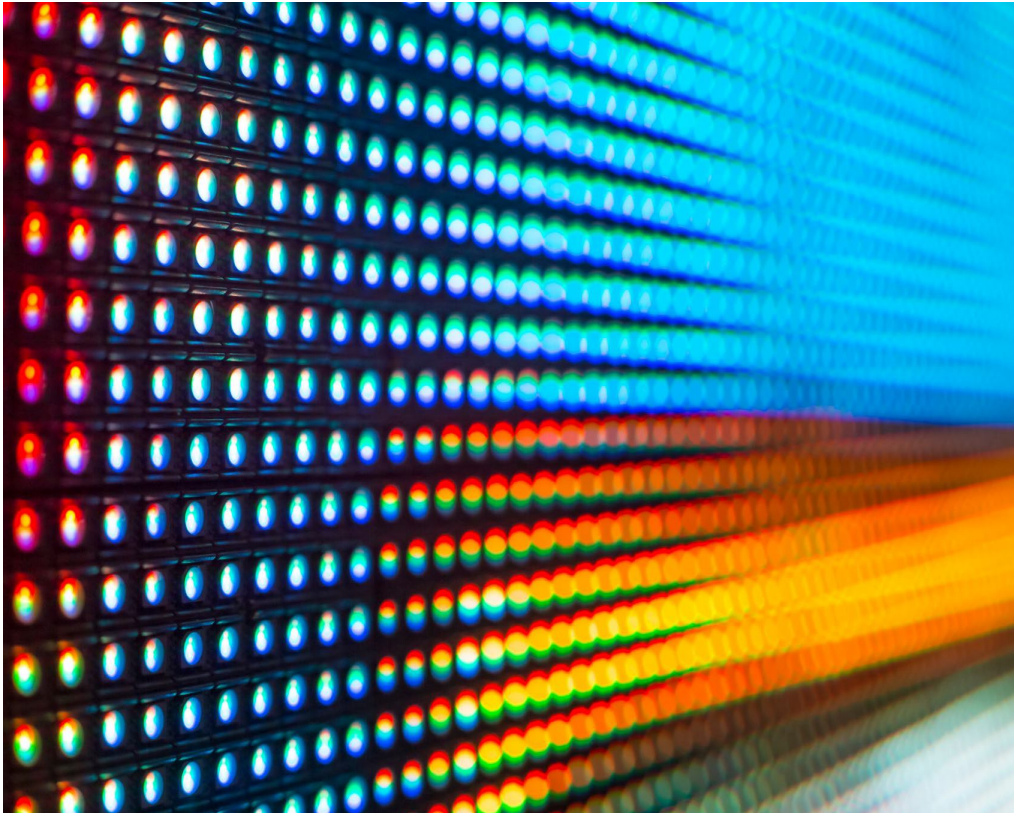
- The Cadastral Information Systems Unit (CISU) web page about how to comply with ORS 308.225 when making changes to your boundaries has been updated.
- For assistance in how to comply with the statute, please review the information at:

[https://www.oregon.gov/DOR/forms/FormsPubs/boundary-change\\_504-405.pdf](https://www.oregon.gov/DOR/forms/FormsPubs/boundary-change_504-405.pdf)



# Property Tax Resources

- Oregon Revised Statutes (ORS 294.305-294.565)
- Oregon Administrative Rules (OAR 150-294-0300 to 150-294-0550)
- Local Budget Law Manuals and Publications
  - Property Tax Research Reports
  - Tax Expenditure Report
- Property Tax Statistics Report
- Online Videos
- DOR Local Budget Law Training Videos
  - YouTube Deschutes Property Tax Fairy
  - Property Taxes: The Tax Fairy explains, what's in it for me?
  - Why Property Values Fluctuate?



# Questions?

<b>Danette Benjamin</b>	(971) 301-1149	<a href="mailto:danette.m.benjamin@oregon.gov">danette.m.benjamin@oregon.gov</a>
<b>Melanie Cutler</b>	(971) 301-1128	<a href="mailto:melanie.cutler@oregon.gov">melanie.cutler@oregon.gov</a>
<b>Jean Jitan</b>	(971) 600-4097	<a href="mailto:jean.jitan@oregon.gov">jean.jitan@oregon.gov</a>
<b>Arlen Stewart</b>	(971) 209-9970	<a href="mailto:arlen.r.stewart@oregon.gov">arlen.r.stewart@oregon.gov</a>



**FT&E Message Phone #** (503) 945-8293

**Email** [finance.taxation@oregon.gov](mailto:finance.taxation@oregon.gov)

## **Local Budget Forms and Manuals on Internet:**

<http://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>

**Subscribe to our email list for email notices of future training workshops and news on any changes to Local Budget Law. Sign up through this link:**

<http://listsmart.osl.state.or.us/mailman/listinfo/localbudget>