



# Multnomah County Budget Law - Q&A -

10:00 AM, January 25, 2022

**Tax Supervising and Conservation Commission  
&  
Department of Revenue**

# Tips for Today & Agenda

## Tips for participating today

- Change your zoom display name to your first name and last name
- Stay on mute unless speaking
- Raise your “hand” to ask a question or put it in the chat
- Ideas on how we can make this training better? Share your feedback by responding to our short three question survey

## AGENDA

1. TSCC & Budget Law Overview
2. 12 Questions
3. Open Q&A

# TSCC & Budget Law Overview

# Why follow budget law?

- If your district does not follow local budget law your district cannot levy taxes or expend money. [ORS 294.338\(1\)](#)
- An improperly adopted property tax is voidable. [ORS 294.461](#)
- Spending money in excess of the amounts provided by law, or for a different purpose than provided by law is illegal. [ORS 294.100\(1\)](#)
- Any public official (who does so) shall be civilly liable for return of the money... [ORS 294.100\(2\)](#)

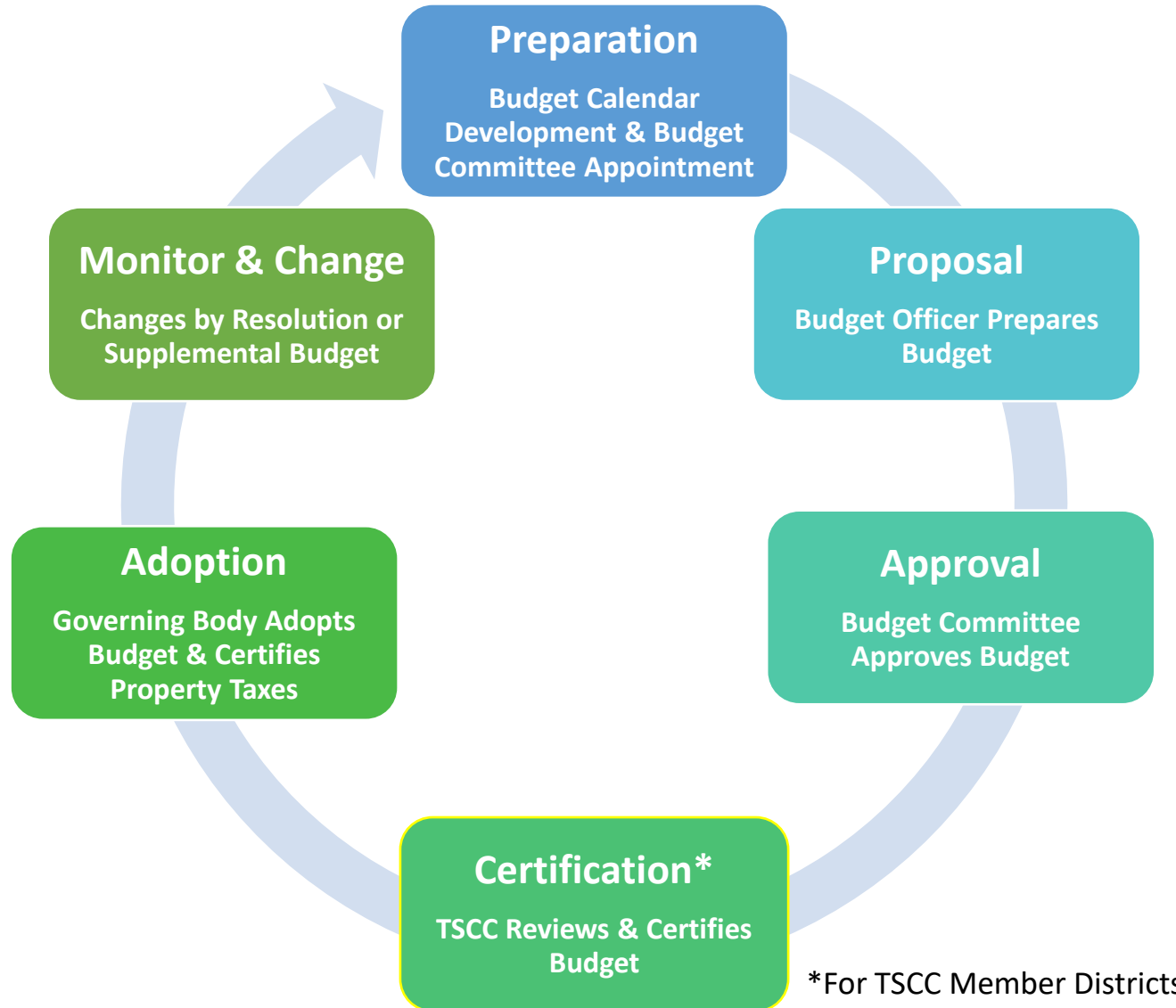
# How to Create A Budget?

All local governments use a standard system as laid out in:

[Oregon Revised Statutes 294.305-565](#)

[Oregon Administrative Rules 150-294-0300-0550](#)

# Budget Cycle



\*For TSCC Member Districts

# What is the TSCC?

- Created by the Legislature in 1919 to monitor Multnomah County local government budgets, taxes, and debt
- State agency with five commissioners appointed by the governor
- Role is primarily advisory and consultative
- Duties:
  - Review and certify member district budgets
  - Hold hearings on member budgets and tax measures
  - Advise districts on Oregon Local Budget Law
  - Prepare annual report documenting district budgets & debt
  - Provide information to the public
  - Investigate claims of budget law violations

## ADVOCATE

We hold public hearings to engage with elected officials and advocate for the public interest in spending of taxpayer dollars.

## TRAIN

We support and train local jurisdictions to adhere to local and state budget law.

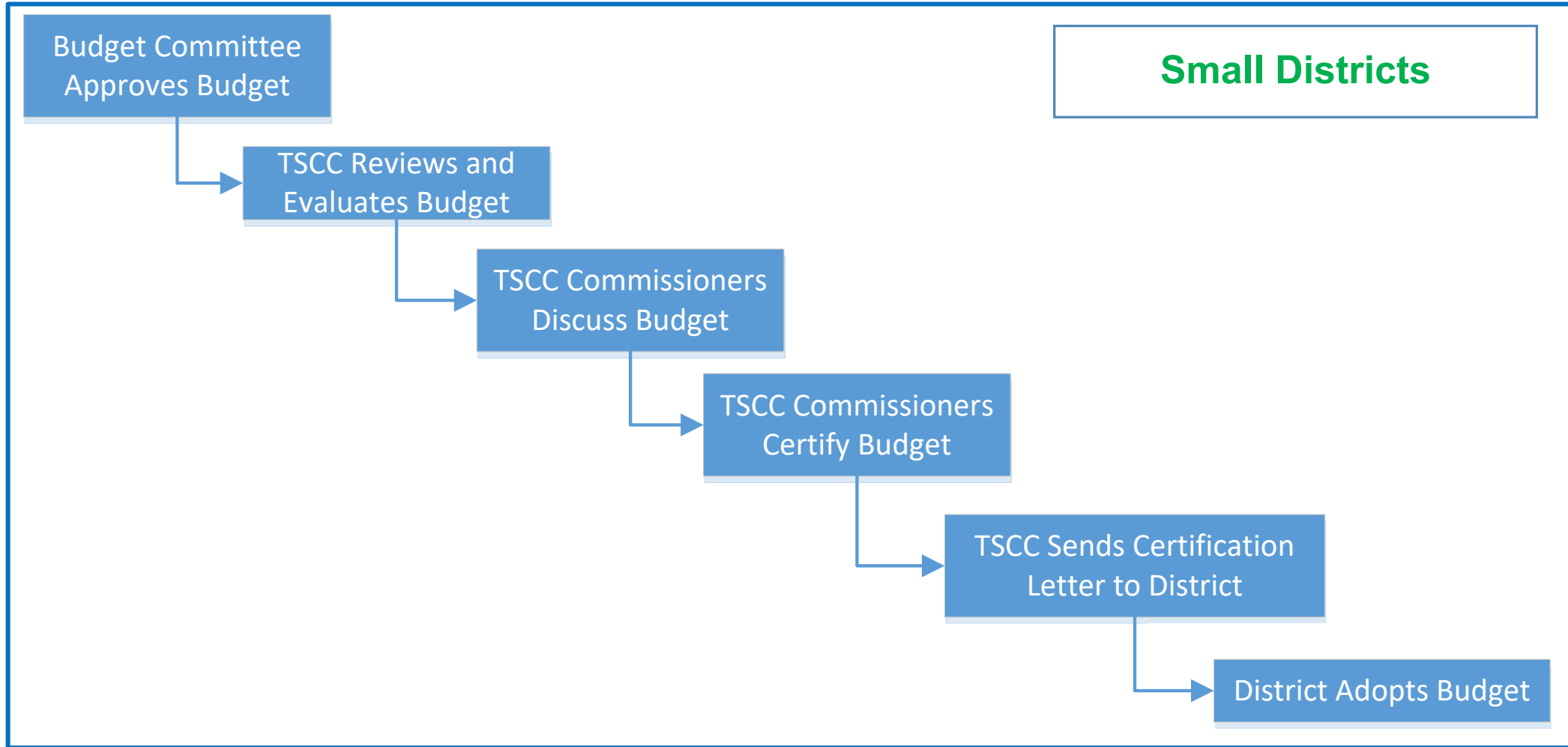
## INFORM

We publish an annual report that informs the public on local government budgets, indebtedness, and property taxes.

## REVIEW

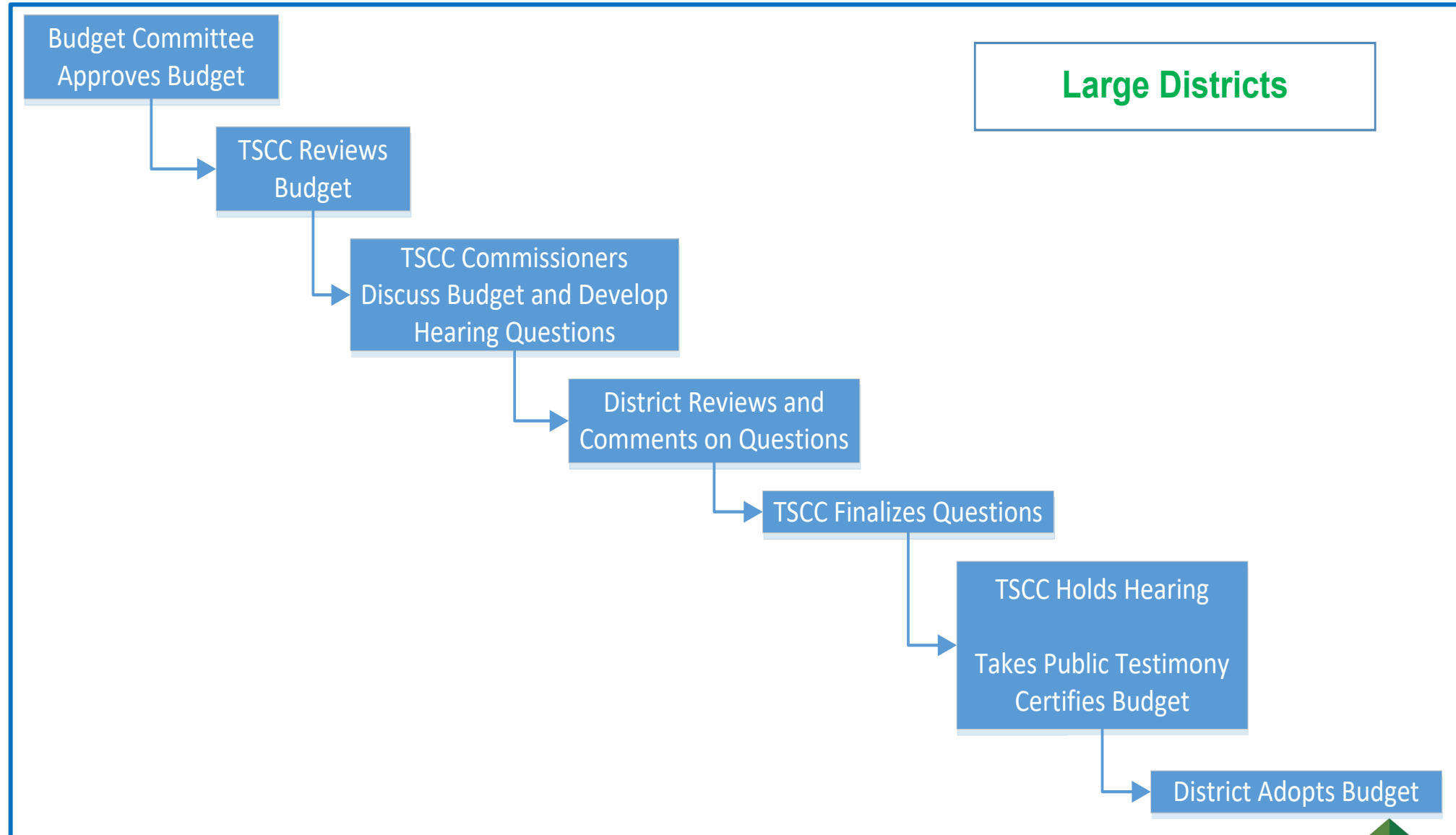
We analyze, review, and certify budgets to ensure adherence to state budget law.

# TSCC Process





# TSCC Process



Large Districts

# 12 Questions

Q1: During budget committee deliberation we found an error in the Proposed Budget. What do we do?

Make the correction as part of the budget committee's approval process.

Correct errors in the Approved Budget when the Governing Board adopts the budget.\*

## Q2: Can a district increase its permanent property tax rate if it's too low?

No. A district cannot increase its permanent levy. The district has two options:

1. Dissolve the district and ask voter approval for a new district and a new permanent rate.
2. Ask the voters to approve a local option levy (which may be subject to compression).

# Q3: Why is the Assessed Value for our local option levy higher than the Assessed Value for our permanent rate?

TAXING DISTRICT	TAX DIST. CODE	ASSESSED VALUE FOR COMPUTING TAX RATES (MULTNOMAH CO)
MULTNOMAH COUNTY	170	85,289,187,032
MULTNOMAH COUNTY HIST SOC LOC OPT	170H	92,536,448,190
MULTNOMAH COUNTY NEW BONDS	170N	88,778,540,377

Source: Multnomah Co. Summary of Assessments & Levies 2021-22

The short answer: “It’s not.”

The long answer: “Because of Urban Renewal.” (*mostly*)

Urban renewal (UR) districts get their tax revenue through “division of tax” or “tax increment financing”.

The Assessor does this through a complex formula that uses the “frozen” and “increment” value of the plan area to calculate a portion to divide out from each eligible certified levy.

Not all UR plan types can divide from Local Option Levies, so on reports, such as the one above, the assessed value for those levies might artificially appear higher.

# Q4: Can appropriations be transferred from another fund into the General Fund?

Yes, appropriations can be transferred to the General Fund. Appropriations are, after all, just the authority to spend money.

But what about Revenues? Most other funds exist because of restrictions on the revenue sources. Transferring the revenues would violate those restrictions. So, transfer appropriations, yes. Transfer revenues, no if restricted.

There are exceptions. Revenues can be transferred into the General Fund when:

- Closing out a fund and sending the remnant resources to the General Fund,
- Paying back an interfund loan (note: funds with constitutional restrictions can't be loaned), and
- Paying for services provided by the General Fund.

# Q5: We had to cancel an expected project and no longer need the fund – how do we close this fund?

## **294.346 Reserve fund established without vote**

(2) ...When the governing body determines, by resolution, that it is no longer necessary to maintain such a reserve fund:

(b) There shall be transferred to the general fund or any other fund of the political subdivision that the governing body determines is appropriate:

(A) Any unexpended balance in the fund to be abolished that is not required to be held for subsequent expenditure for the purposes for which the fund was established;

*See ORS 294.353 for dissolution of other fund types.*

Q6: We have interfund transfer line items that comes in higher than where our appropriations were set. What do we do?

Monitor these changes throughout the year, and if you are getting close to the threshold, do a transfer resolution to adjust the line item and avoid exceeding the legal appropriations.



Q7: We have a problematic budget committee member and would like to remove them from the committee? Can we do that?

If the budget committee member has violated the committee's code of conduct or regular attendance rules, it is possible to remove them from the committee.

## Q8: What happens if the budget is changed more than 10% between approved and adopted and we forget to do a second hearing?

Ideally, this would be caught prior to budget adoption to allow for a second hearing. If you recognize the error after the fact, you can try a common sense approach to demonstrate the change as transparently as possible: in a supplemental budget, reduce the line item to the statutory limit, noting the reason for it in the supporting budget narrative.

You would then have another line noting the “new revenue” to officially recognize the planned receipt and expense.

Q9: The appropriations in the budget resolution are the legal spending limits. But what about the object classifications in those appropriations? Are personnel services, materials & services, and capital outlay levels in the budget also legal spending limits?

A district's budget resolution is the sole source of legal spending limitations for local budget law purposes.

Generally, appropriations are made at the fund and organizational unit or program/activity level.\*

Unless a district appropriated to the object classification level in their budget resolution, budget category and line item amounts are not spending limits.

*\*This is true for most districts. However, schools and ESDs appropriate by function categories, and community colleges may appropriate by function or by program.*

Q10: I want to modify my budget to transfer revenue and expenditures from one fund to another fund. Does this require a supplemental budget?

If you are transferring between funds (without changing the total appropriations across the budget), you can do a transfer approved by resolution (ORS 294.456).

What if it's more than 10% of the fund?

The 10% rule does not apply to interfund transfers (OAR 150-294-0550).

What if I need to create a new appropriation category to transfer the funds?

If the fund you are transferring to has no appropriations per your adopted budget resolution, you will need to do a supplemental budget (OAR 150-294-0540).

# Q11: I need to spend some of a fund's contingency. Is this done by resolution?

It depends. If the amount to be transferred from contingency is less than 15% of a fund's appropriation as authorized in the original adopted budget (ORS 294.463 (2)), then a resolution or ordinance may be passed transferring the amount to be expended from contingency to an existing appropriation line item.

If the amount exceeds 15%, a supplemental budget is required.

Q12: We made a mistake and left something off the appropriations schedule our governing body approved – what do we do?

If it is correct in your budget, you can do a resolution that corrects and reappropriates.

This can only be done when something is included in the actual budget document and mistakenly left off of the appropriations schedule, since the budget is the justification for the appropriation resolution.

# Q&A Time

Let's hear from you! What questions do you have?

# Resources

- TSCC staff, available anytime, anywhere
- [TSCC Budget Manual for Local Governments in Multnomah County](#)
- TSCC website: [www.tscmultco.com](http://www.tscmultco.com)
- DOR website: <http://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>
- [DOR Local Budget Law Training sessions](#)
- [State of Oregon: Forms - Forms and publications library](#) – Search “Local Budget”
  - Includes [DOR Local Budget Law Manual](#)



# Contact Us

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