

**BOARD OF COMMISSIONERS WORK SESSION AGENDA**

1:00pm CBAB, 601 State Street, Hood River, OR - 1<sup>st</sup> Floor Conference Room

- Public Safety 5-year Local Option Tax Levy Ballot Title & Explanatory Statement Review
- Construction Excise Tax Ordinance Refresher



# DRAFT

EXHIBIT A

BALLOT MEASURE \_\_\_\_\_

CAPTION: (10 Words)

Public Safety Five-Year Local Option Tax

QUESTION: (20 Words)

Shall Hood River County levy \$0.78 per \$1,000 assessed value for public safety services for five years beginning 2020?

This measure may cause property taxes to increase more than three percent.

BALLOT SUMMARY: (175 Words)

The revenue from this measure would be placed in a dedicated account earmarked for public safety services. Expenditures would be reviewed annually by citizens on the budget committee. This measure would affect all aspects of the public safety and criminal justice system, including, but not limited to:

- \*Law Enforcement Patrol
- \*Criminal Investigations including Child Abuse and Domestic Violence
- \*Criminal Prosecution
- \*Emergency Management

Approval of this measure would restore public safety services that were reduced due to the current budget shortfall and help to ensure those services are maintained over the five-year levy period. The revenue from this measure would also support staffing levels sufficient to provide 24-hour patrol coverage. Without this revenue, public safety and other County services will be reduced or eliminated.

At \$0.78 per \$1,000 assessed value, the tax would cost \$13.24/month or \$159.93/year based on the median assessed home value.

The measure is estimated to generate: \$1,977,965 in 2020/21; \$2,037,304 in 2021/22; \$2,098,423 in 2022/23; \$2,161,376 in 2023/24; and \$2,226,217 in 2024/25. Unless renewed the measure expires at the end of five years.

The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of estimate and may reflect the impact of early payment discounts, compression and the collection rate.

# DRAFT

EXHIBIT B

## EXPLANATORY STATEMENT

Hood River County has reached a point where either a significant reduction in services or an increase in revenue is required in order to maintain vital county services. After holding focus groups, public budget workshops and evaluating public survey results, the Board of Commissioners is asking voters to approve a Public Safety Levy of \$.78 per \$1,000 of assessed value to restore public safety services and avoid further reductions in county services. The revenue from this operating levy would be dedicated to public safety services and would fund all aspects of the public safety and criminal justice system.

The County's financial stress is created by a number of factors. Hood River County's permanent tax rate and limits on increases in taxable assessed value were set by Measures 5 and 50 in the 1990's. At \$1.41 per \$1,000 of assessed value, the County's permanent tax rate is the 9<sup>th</sup> lowest rate of Oregon's 36 counties. This is attributable, in part, to the fact that over 62% of the land in Hood River County is owned by the state and federal governments. The decline of federal forest land payments, fluctuating log prices, and increased costs have caused reductions in service levels countywide, including public safety.

The County's population has increased 23.6% since 2000, and public safety staffing levels have not kept pace. When the number of patrol deputies does not keep pace with population growth, call response times are slower, and the Sheriff cannot safely staff law enforcement patrol to provide 24/7 coverage countywide. Approval of this measure would allow the County to fill vacant patrol positions and add additional public safety personnel to support 24/7 patrol coverage, including an administrative position and two additional deputies.

Approval of this measure would also provide funding for criminal justice services, including child abuse and domestic violence investigations, transporting prisoners, courthouse security and criminal prosecution services in conjunction with the District Attorney.

Without approval of this measure, vacant public safety positions will not be filled, and the County will not be able to restore or expand law enforcement patrol coverage. Further reductions in county services will also have to be made due to the budget shortfall.

The proposed levy is a five-year local option tax. It cannot be renewed without voter approval. At \$0.78 per \$1,000 of assessed value, the tax would cost approximately \$13.24/month, or \$159.93/year based on the median assessed home value in Hood River County. The measure is estimated to generate: \$1,977,965 in 2020-21; \$2,037,304 in 2021-22; \$2,098,423 in 2022-23; \$2,161,376 in 2023-24; and \$2,226,217 in 2024-25.

# DRAFT

BEFORE THE BOARD OF COMMISSIONERS

OF

HOOD RIVER COUNTY, OREGON

IN THE MATTER OF REFERRING TO THE )  
VOTERS AT THE MAY 19, 2020 ELECTION )  
A MEASURE FOR A PUBLIC SAFETY ) RESOLUTION NO. \_\_\_\_\_  
FIVE-YEAR LOCAL OPTION TAX )

**The HOOD RIVER COUNTY BOARD OF COMMISSIONERS hereby resolves:**

1. A measure election is called for the purpose of referring to the electors of Hood River County a measure authorizing a local option tax rate levy in the amount of \$0.78 per \$1000 assessed value for a total of five years, beginning with Fiscal Year 2020-2021. The purpose of the levy is to obtain revenue for funding Public Safety Services, with such purpose specified in the Ballot Title.
2. The measure in the Ballot Title, attached hereto as Exhibit A, shall be referred to the qualified electors of Hood River County for their “yes” or “no” vote.
3. The Ballot Title and Explanatory Statement attached hereto and marked as Exhibits A and B are approved for submission to the Hood River County Elections Officer (County Clerk) for the May 19, 2020 Election.
4. Hood River County General Counsel will certify form SEL 801, Notice of County Measure Election, as required by law.
5. Following certification, Counsel shall cause to be delivered to the County Clerk this Resolution, Ballot Title, form SEL 801 and Explanatory Statement for the voter’s pamphlet, for further action as required by law for placement on the May 19, 2020 election ballot.
6. The County Clerk shall give notice of receipt of the Ballot Title, and notice of electors’ right to petition for review of the Ballot Title as provided by law.

# DRAFT

**ADOPTED THIS 18<sup>th</sup> day of February, 2020.  
HOOD RIVER COUNTY BOARD OF COMMISSIONERS**

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Michael Oates, Chair

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Karen Joplin, Commissioner

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Rich McBride, Commissioner

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Robert Benton, Commissioner

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Les Perkins, Commissioner



**BEFORE THE BOARD OF COMMISSIONERS  
HOOD RIVER COUNTY, OREGON**

In the matter of:

AN ORDINANCE ESTABLISHING A  
CONSTRUCTION EXCISE TAX TO  
SUPPORT AFFORDABLE HOUSING  
PROGRAMS

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)  
)  
)

Ordinance No. 343

**TITLE**

**Establishing a Construction Excise Tax to Support Affordable Housing Programs.**

WHEREAS, Sections 8 and 9 of Chapter 59, Oregon Session Laws, 2016 authorizes counties to adopt construction excise taxes to fund local affordable housing programs; and

WHEREAS, Hood River County has a long-standing need for additional affordable housing;

IT IS HEREBY ORDAINED that the ordinance as set forth on the attached Exhibit A, establishing a construction excise tax to support affordable housing programs in Hood River County, is adopted as Chapter 3.24 of the Hood River County Code.

ADOPTED this 19<sup>th</sup> Day of JUNE, 2017

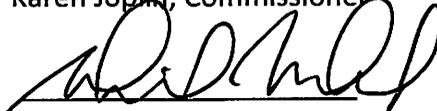
Hood River County  
Board of Commissioners



Ron Rivers, Chair



Karen Joplin, Commissioner



Rich McBride, Commissioner



Robert Benton, Commissioner

\_\_\_\_\_  
Les Perkins, Commissioner

CHAPTER 3.24 CONSTRUCTION EXCISE TAX

SECTIONS:

3.24.015	DEFINITIONS.
3.24.025	TAX IMPOSED.
3.24.035	EXEMPTIONS.
3.24.045	FAILURE TO PAY.
3.24.055	VIOLATIONS.
3.24.065	INTEREST.
3.24.075	REFUNDS.
3.24.085	APPEALS.
3.24.095	DEDICATION OF REVENUE.
3.24.105	USE OF REVENUE.
3.24.115	ADMINISTRATIVE FEE.
3.24.125	REPORTING.

3.24.015 DEFINITIONS.

As used in this Chapter:

- (1) "Affordable housing" means a housing unit for which a person(s) earning 120% or less of area median income would not pay more than 33% of their gross income for housing payments.
- (2) "Area median income" means Hood River County median household income by household size as defined by the United States Department of Housing and Urban Development and published periodically.
- (3) "Commercial" means designed or intended to be used, or actually used, for other than residential purposes.
- (4) "Construct" or "construction" means erecting, constructing, enlarging, altering, repairing, improving, or converting any building or structure for which the issuance of a building permit is required by Oregon law.
- (5) "Improvement" means a permanent addition to real property, or modification of an existing structure that results in (a) a new structure, (b) additional square footage to an existing structure, or (c) addition of living space to an existing structure.
- (6) "Net revenue" means revenues remaining after the administrative fees described in Section 3.24.115 are deducted from the total construction excise tax collected.

- (7) "Partial exemption" means one half (1/2) the percentage rate of the construction excise tax passed by the Board of County Commissioners.
- (8) "Permit valuation" is the value of the improvements for which the permit is sought.
- (9) "Person" means an individual or a legal entity, such a corporation, partnership or association, capable of exercising legal rights and obligations.
- (9) "Structure" means something constructed or built and having a fixed base on, or fixed to, the ground or to another structure.
- (10) "Value" (of an improvement) means the value determined under the applicable guidelines employed by the County for processing building permit applications.

#### 3.04.025 TAX IMPOSED

Unless subject to exemption under 3.24.035, each person who applies for a building permit for real property located in an unincorporated area of the county shall pay a construction excise tax, as follows:

- (1) Commercial improvements shall be subject to an excise tax in the amount of 1% of the value of the improvement.
- (2) Residential improvements shall be subject to an excise tax in the amount of 1% of the value of the improvement.
- (3) Placement of a manufactured home, including the replacement of a manufactured home with a larger unit, shall be subject to an excise tax in the amount of \$0.75 per square foot.
- (4) Construction excise taxes levied under this section shall be due and payable prior to the issuance of any building permit by the Community Development Department.
- (5) Construction excise taxes may be paid by:
  - (a) The owner of the subject property; or
  - (b) Any agent of the property owner authorized to apply for a building permit on the property owner's behalf.

#### 3.24.035 EXEMPTIONS

- (1) The construction excise tax shall not apply to any of the following improvements:

- (a) Replacement residential structure with no net increase in living space.
  - (b) Non-living space located on residential property (e.g. shop buildings, garages).
  - (c) Accessory dwelling units, accessory farm dwellings, seasonal farm worker housing, and temporary hardship dwelling, as defined in respective city or county zoning ordinances.
  - (d) Residential housing subject to deed restrictions requiring the property to remain affordable to households at or below 80% area median income for a period of at least 50 years following the date of the restriction.
  - (e) Private school, public or private hospital improvements.
  - (f) Public improvements as defined in ORS 279A.010.
  - (g) Improvements to religious facilities primarily used for worship or education associated with worship.
  - (h) Facilities, operated by a not-for-profit corporation, that are:
    - (I) Long term care facilities, as defined in ORS 442.015.
    - (II) Residential care facilities, as defined in ORS 443.400.
    - (III) Continuing care retirement communities, as defined in ORS 101.020.
  - (i) Exemption required by Oregon law.
- (2) Partial exemption of 50% shall apply to residential housing made subject to a deed restriction requiring that the property remain affordable to households that earn no more than 81%-120% of the area median income for a period of at least 50-years following the date of the restriction.
- (3) Any person seeking exemption shall provide facts and information to the county sufficient to establish that the requested exemption is applicable and appropriate.
- (4) In the event that a property receiving a full or partial affordable housing exemption under this section is subsequently sold for an amount that no longer qualifies as affordable housing the seller shall be liable for:
- (a) an amount equal to the applicable construction excise tax as of the time of the construction;

- (b) interest on the tax at an annual rate of 12% from the date of the exemption; and
- (c) a late fee equal to 5% of total applicable taxes and interest owing under this section.

3.24.045 FAILURE TO PAY

- (1) The County shall not issue a building permit for any non-exempt improvement unless and until the excise tax is paid in full.
- (2) The County shall not be liable for failure to collect construction excise taxes.

3.24.055 VIOLATIONS

- (1) Failure to accurately state the value of an improvement on a building permit application shall be a Class I County Violation.
- (2) Violations under this Chapter shall be prosecuted in accordance with HRCC Chapter 1.08.
- (3) The County may adopt and amend civil penalties for violations of this Chapter under HRCC 1.08.175.

3.24.065 INTEREST

- (1) Any unpaid portion of a construction excise tax shall bear interest at an annual rate of 12%.
- (2) Interest imposed under this section may not be waived.
- (3) Accrued interest shall merge with and become part of the construction excise tax.

3.24.075 REFUNDS

- (1) A tax payer may apply for a full or partial refund of construction excise taxes paid, together with any applicable penalties or interest on the following bases:
  - (a) The underlying improvements were eligible for an exemption.
  - (b) The building permit was expired or was revoked prior to the initiation of the permitted construction.
  - (c) The amount of taxes, penalties or interest were imposed in error.

- (2) Upon satisfactory proof that a taxpayer qualifies for a refund under sub-section (1), the County Administrator shall order the refund of construction excise taxes, together with any applicable interest or penalties.
- (3) Within 30-days of a completed refund application, the County Administrator shall:
  - (a) Refund the amount sought by the taxpayer; or
  - (b) Provide written notice of the reasons why any portion of the requested refund is denied.
- (4) An application for a refund under this section must be made within three years from the date of payment.
- (5) The denial of a refund claim may be appealed as provided in Section 3.24.085.

#### 3.24.085. APPEALS

- (1) Any written determination issued by the Community Development Department under this chapter may be reviewed by the County Administrator.
  - (a) Requests for review under this section shall be in writing and delivered to the County Administrator together with any documentation supporting the moving party's position.
  - (b) Requests for review under this section must be made within ten (10) days after of the written determination.
- (2) Any written determination from the County Administrator regarding the application of this this chapter may be appealed to the Board of County Commissioners.
  - (a) Appeals to the Board under this section shall be:
    - (i) In writing, setting forth the facts and law supporting the appeal.
    - (ii) Filed with the County no less than ten (10) days after the issuance of the written determination being appealed.
    - (iii) Heard at a regularly scheduled public meeting.
    - (iv) Decided within 30 days of the hearing.

- (b) Unless the Board of Commissioners directs otherwise, an appeal shall not stay the application of the written determination under appeal.

**3.24.095 DEDICATION OF REVENUE**

Construction excise tax revenue shall be:

- (1) Deposited into a separate, dedicated fund; and
- (2) Accounted for separately from other county revenue.

**3.24.105 USE OF REVENUE**

- (1) Except funds withheld for administrative costs under Section 3.24.115, all construction excise taxes levied upon commercial, industrial and mixed-use property under Section 3.24.025(1) shall be used as follows:
  - (a) 50% In accordance with sub-section (3) & (4); and
  - (b) 50% may fund expenses that have a nexus related to housing creation.
- (2) Except funds withheld for administrative costs under Section 3.24.115, construction excise taxes levied upon residential property and manufactured homes under Sections 3.24.025(2) and (3) shall be used as follows:
  - (a) Fifty percent (50%) to fund developer incentives under sub-section (3);
  - (b) Fifteen percent (15%) to the Oregon Housing and Community Services Department; and
  - (c) Thirty-five percent (35%) to fund developer incentives and affordable housing programs under sub-sections (3) and (4).
- (3) The County may fund developer incentives allowed or offered pursuant to ORS 197.309 (5)(c) and (d) and (7), including but not limited to:
  - (i) system development;
  - (ii) land acquisition; and
  - (iii) local public improvements required by municipal governments.

- (4) The County may fund affordable housing programs in accordance with Section 9, Chapter 59, Oregon Laws 2016, including but not limited to:
- (i) Rent buy-downs and subsidies;
  - (ii) Down-payment assistance; and
  - (iii) Foreclosure-prevention assistance.
- (5) Any affordable housing unit built or purchased with the use of construction excise tax funds shall have recorded in its chain of title a deed restriction which requires that the property remain "affordable housing" as defined by this chapter, for a period of no less than 50 years from the date of restriction.

**3.24.115 ADMINISTRATIVE FEE**

- (1) As authorized by Sections 8 and 9 of Chapter 59, Oregon Session Laws, 2016, the County shall receive an administrative fee equal to 4% the gross construction excise taxes, without regard to subsequent reductions due to refunds, failed payments, or similar diminutions.
- (2) The County shall deduct the administrative fees directly from the collected construction excise taxes.
- (3) The County may recover, from the construction excise taxes, any banking fees or penalties that arise from the collection of construction excise taxes such as returned check charges.

**3.24.125 REPORTING**

The County Administrator shall provide an annual report to the Board addressing the collection and use of construction excise tax revenue.