

**INFORMATIONAL MEETING**

TAPES 8-9, A-B

**HOUSE REVENUE COMMITTEE**

**JANUARY 18, 2005 1:30 PM STATE CAPITOL BUILDING**

Members Present:

- Rep. Tom Butler, Chair
- Rep. Vicki Berger, Vice-Chair
- Rep. Brian Boquist, Vice-Chair
- Rep. Sal Esquivel, Acting Chair
- Rep. Larry Galizio
- Rep. Mark Hass
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Staff Present:

- Paul Warner, Legislative Revenue Officer
- Mary Ayala, Economist
- John Phillips, Dept. of Revenue
- Kristi Bowman, Committee Assistant

**TAPE 8, SIDE A**

003    Acting Chair            Calls meeting to order at 1: 30 P.M. Introduces presenters: Mary  
       Esquivel                    Ayala and John Phillips.

## ORIENTATION MEETING

- 018 Mary Ayala Overview of presentation. (Exhibit 1) Part 1 will provide background about tax collections, and it provides discussion of measures that impact the property tax burden in OR over the past 30 years relative to other states. Part II will cover the property tax structure, focusing on the types of property that are taxed. Part III will describe the taxing structure on the sub-state level (taxing districts). An example of a tax return will be described to show how compression works given certain changes in taxing of different districts, as impacted by Measure 5 and Measure 50.
- 42 Ayala Slide: Historical Overview of Property Tax Collections
- 49 Ayala Slide: Property Values and Tax Rates
- 73 Ayala OR Property Tax: Per Capita and As % of Income (chart)
- 160 Rep. Hass Clarification question about the taxes paid by businesses—is that information in this presentation?
- 168 Ayala Response: that data is not in this report but can be found in the Dept. of Revenue document, Oregon Property Tax Statistics, 2003-04 (Exhibit 2).

170	Ayala	Slide: Property Tax per Capita and % Income State Ranking. OR ranks 25th in FY 99-00.
191	Ayala	County Ranking of Total Assessed Value
205	Ayala	Property Tax Rates FY 03-04 (correction to exhibit)
245	Ayala	Slide: Part 1 Summary (2 slides)
288	Ayala	Slide: Part II: OR's Current Property Tax Structure Overview
315	Ayala	Slide: What Property is Taxed?
322	Ayala	Slide: Pie Chart of Real Market Value (change "residential" to "real" on exhibit)
359	Ayala	Slide: Pie Chart of Assessed Value
380	Ayala	Slide: Comparison of Real Market Value and Assessed Value, by Property Type

- 417 Butler Questions: Is the ratio rate of 74.4% of assessed value to real market value a constant statewide?
- 420 Ayala Response: No, the ratio percentage varies county by county.
- 465 Butler Question: Is there property tax on livestock and inventory? (referring to slide titled: What Property is Taxed?)
- 485 Ayala Response: There are no taxes on retail inventory but will research the other tangible personal property items listed.

#### **TAPE 9 SIDE A**

- 010 Chair Esquivel Requests additional information on the tangible personal property items from LRO and the Dept. of Revenue to be provided to the committee.
- 020 Chair Esquivel Clarification question about new addition to existing property and its assessed value.
- 025 Ayala Response: New addition would be assessed at the appropriate ratio for that county.

- 028 Rep. Riley Provides clarification of value of new construction. Value is based on its location; the same building in another location could be assessed at a lower rate.
- 033 Ayala Slide: Property Tax Structure
- 037 Ayala Slide: Major Components of Property Taxes
- 042 Ayala Slide: Characteristics of Permanent Rates
- 052 Ayala Slide: General Obligation Bonded Debt
- 057 Ayala Slide: Three Other Components of the Property Tax Structure
- 077 Ayala Slide: Characteristics of Local Option
- 081 Ayala Slide: School Local Option
- 093 Ayala Slide: Building Blocks of the Property Tax System

- 118 Butler Requests clarification regarding general obligation bonds and bonded debt. Clarifies life of general obligation bonds which could be longer than 10 years as opposed to local option taxes which are imposed for 5-10 years.
- 130 Phillips Slide: An Overview of Measures 5 and 50
- 141 Phillips Slide: Measure 5 Limit: Key Elements (2 slides)
- 177 Butler Clarification question regarding taxation on real market value instead of assessed value.
- 190 Phillips Response: Under Measure 5 the real market value (RVM) was used for taxation purposes; Measure 50 uses the assessed value for taxation.
- 211 Phillips Slide: Measure 50 Principles
- 241 Phillips Slide: The Roll Back (Maximum Assessed Value) (MAV)
- 260 Phillips Slide: Limited Growth in Taxable Value (3 slides)

- 286 Riley Clarification question on MAV. If assessed value is \$100,000, but my market value goes below that, the assessed value does not decrease to that new value.
- 288 Phillips Response: the real market value can go down, but when RMV goes above where the assessed value has been frozen, it won't shock the property owner "all the way up" just because of something the market decided to do. Uses Curry County as a recent example of fluctuating values. Clarifies the assessed value (AV) is the lesser of the maximum assessed value or the real market value of the property.
- 365 Phillips Slide: Continuation of previous slide (3 of 3)
- 373 Phillips Slide: Graphic examples of MAV calculation
- 397 Butler Question: is there a different ratio for commercial, residential, industrial, vacant lots? How many ratios will a county have?
- 440 Phillips Response: Each category has a different ratio for assessed value?
- 490 Rep. Berger Clarification question about assessed value ratios as a constant figure.
- 494 Phillips Response: The ratios change from year-to-year, but it is the same county-wide.

## **TAPE 8 SIDE B**

- 006 Phillips Slide: Consolidated Levy Authority
- 012 Phillips Slide: Measure 50 Tax Calculation
- 035 Ayala Slide: Part II Summary of Current Property Tax Structure (3 slides)
- 041 Ayala Slide: Continuation of previous slides (Slide 3 of 3)
- 053 Ayala Slide: Part III: Local Taxes by Taxing District
- 061 Ayala Slide: Who Levies Taxes on Property?
- 070 Ayala Slide: 2003-04 Property Taxes Imposed by District and Structure
- 084 Ayala Slide: Shares of Imposed Taxes, by Major Taxing District
- 091 Ayala Slide: Components of the Tax Statement



- 101 Ayala Slide: Property Tax Bill. General obligation bonds are outside the M-5 limits.
- 140 Ayala Slide: Compression: When it is NOT Needed
- 151 Ayala Slide: Measure 5 – Tax Compression
- 160 Ayala Slide: Examples of Measure 5 Tax Compression (2 slides)
- 185 Ayala Slide: Example of Compression When Applied to Local Option Levies
- 200 Ayala Slide: Example of Compression When Applied to Tax Rate Increases and a Local Option Levy Exceeds Measure 5 Limits
- 215 Ayala Slide: Measure 5 Compression Losses (graph)
- 228 Rep. Boquist Question: How many counties are compressed?

237 Phillips Response: Dept. of Revenue will provide aggregate data on specific counties to the Representative. Information can also be found in the Legislative Revenue Office (LRO) document "2005 Oregon Public Finance: Basic Facts." (Research Report #1-05).

246 Phillips Slide: Urban Renewal (3 slides)

350 Ayala Continuation of Urban Renewal Slides

458 Ayala Slide: Urban Renewal: Division of Tax Revenue by County (FY 98-99 to FY 03-04). (chart)

**TAPE 9 SIDE B**

50 Berger Gavel handed over from acting chair Esquivel.

63 Acting Chair Berger Comments regarding property taxes. Suggests that committee members use the information presented on how the formula is derived for further discussions on taxation bills.

75 Berger Adjourns meeting at 3:05 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee  
Coordinator

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Exhibit Summary:

1. Slide Presentation: OR Property Taxes, LRO Staff, 37 pp., 01/18/05
2. Booklet: OR Property Tax Statistics, LRO Staff, 164 pp., 01/18/05