

PUBLIC HEARING AND WORK SESSION
SB 268 AND 29
PUBLIC HEARING SB 267
TAPES 13-14, A

SENATE REVENUE COMMITTEE
JANUARY 26, 2005 9:00 AM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Charles Starr, Vice Chair
Senator Gary George
Senator Floyd Prozanski

Members Excused: Senator Rick Metsger

Witnesses Present: Henry Breithaupt, Judge, Oregon Tax Court
Jill Tanner, Presiding Magistrate, Oregon Tax Court
John Phillips, Oregon Department of Revenue
Sen. Ben Westlund, District 27
Neil R. Bryant, Attorney, Bend

Staff Present: Paul Warner, Legislative Revenue Officer
Mary Ayala, Economist
Barbara Guardino, Committee Assistant

TAPE 13, SIDE A

004 Chair Deckert Calls meeting to order at 9:10 a.m. Opens public hearing on SB 268.

PUBLIC HEARING, SENATE BILL 268

016 Paul Warner Introduces SB 268 from Joint Interim Committee on Judiciary. Bill eliminates tax court small claims procedure by repealing HB 305.514 (**EXHIBIT 1**).

032 Henry Breithaupt Testifies in support of SB 268. See written testimony (**EXHIBIT 2**). Explains reasons for eliminating Small Claims Division of the Tax Court. Gives history. Contends process is too complex.

089 Chair Deckert Asks, what is the cap that qualifies a person for Small Claims Court?

092 Jill Tanner Explains caps for property tax and income tax.

108 Breithaupt Summarizes three-fold reasons: 1) Difference between \$10 and \$25 process can be confusing; and 2) Not many people use small claims process; and 3) Taxpayers who choose \$10 option may not understand that there is no appeal process. Believes original reason behind small claims was an alternative to a full-blown judicial proceeding. Magistrate Division is performing that function remarkably well.

130 Chair Deckert Asks what percent of those who take the \$10 route are denied opportunity to appeal.

135 Breithaupt Responds, fewer than 10% who go to the Magistrate Division end up

coming on to the regular division.

- 147 Tanner It's not too often that someone is unaware that they cannot appeal.
- 155 Breithaupt Notes, revenue impact is very small.
- 164 Sen. Prozanski Comments on small revenue impact.
- 175 Warner Follows up on revenue and fiscal impacts (**EXHIBITS 3-4**).
- 189 Chair Deckert Closes public hearing on SB 268.

WORK SESSION, SB 268

102 Sen. C. Starr

MOTION: MOVES SB 268 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION. THERE BEING NO OBJECTION, CHAIR SO ORDERS.

VOTE: 3-0-2

MEMBERS VOTING AYE: PROZANSKI, VICE CHAIR C. STARR, CHAIR DECKERT

MEMBERS EXCUSED: GEORGE, METSGER

PUBLIC HEARING, SB 267

212 Mary Ayala

Introduces SB 267. Bill allows Oregon Tax Court to determine real market value of specially assessed property. Gives brief background.

225 Chair Deckert

Asks, what are specially assessed properties?

245 Breithaupt

Clarifies, SB 267 does not deal with just specially assessed values, but the determination of both real market value and specially assessed values. See written testimony (**EXHIBIT 5**). Farm use assessment is the best example.

349 Chair Deckert

Asks, what constitutes evidence?

353 Breithaupt

Gives example of what constitutes evidence in regard to a case involving a private residence. Responds to questions.

455 Breithaupt

Responds to question whether legislature put bracketed system into place.

TAPE 14, SIDE A

034 Tanner

Notes, by putting greater importance on pleadings, this is often nothing more than a place-saver. Court encourages settlement regardless of value.

046 Breithaupt

That is much less the case of the regular division. Would expect no effect by this legislation other than doing away with one round of motions.

070 Sen. Prozanski

Asks if there is an original bill to put into context.

074 Breithaupt

Will submit original bill to committee staff.

089 John Phillips

Testifies on behalf of Oregon Dept. of Revenue in favor of the bill.

099 Chair Deckert Closes public hearing on SB 267.

PUBLIC HEARING, SB 29

103 Ayala Gives overview of SB 29. Bill clarifies that a property's real market value, not assessed value, will be multiplied by the percent change ratio to determine that property's maximum assessed value. Refers to letter to Paul Warner dated Sept. 14, 2004 (**EXHIBIT 8**).

121 Chair Deckert Questions whether this bill is needed at all.

127 Phillips Notes, he can see where someone might need this clarification.

147 Sen. Ben Westlund Speaks in favor of SB 29.

155 Chair Deckert Asks for clarification on issue of real market versus assessed market.

173 Neil Bryant Gives summary of what the correction does. It favors the taxpayer.

222 Sen. George Appreciates that the bill that might benefit taxpayers.

237 Chair Deckert Closes public hearing on SB 29. Opens work session on SB 29.

WORK SESSION SB 29

242 Sen. C. Starr **MOTION: MOVES SB 29 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS THE CHAIR SO ORDERS.**
VOTE: 4-0-1
VOTING AYE: GEORGE, PROZANSKI, VICE CHAIR C. STARR, CHAIR DECKERT
MEMBERS EXCUSED: METSGER

246 Chair Deckert Adjourns meeting at 9:55 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 268, Administration: Appeals 305.514, Warner, 1 pp.
2. SB 268, Statement of Judge Henry C. Breithaupt on SB 268, Breithaupt, 2 pp.
3. SB 268, Legislative Fiscal Office, Minimal Expenditure Impact Statement, Warner, 1 pp.
4. SB 268, Staff Measure Summary, Warner, 1 pp.
5. SB 267, Statement of Judge Henry C. Breithaupt on SB 267, Breithaupt, 2 pp.
6. SB 267, Legislative Revenue Office Notice of No Revenue Impact, Ayala, 1 pp.
7. SB 267, Staff Measure Summary, Ayala, 1 pp.
8. SB 29, Sept. 14, 2004 letter to Paul Warner, Bryant, 1 pp.
9. SB 29, Legislative Fiscal Office, No expenditure Impact Statement, Ayala, 1 pp.
10. SB 29, Legislative Revenue Office Notice of No Revenue Impact, Ayala, 1 pp.
11. SB 29, Preliminary Staff Measure Summary, Ayala, 1 pp.