

HOUSE REVENUE COMMITTEE
MARCH 6, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson
Representative Max Williams

Members Excused: Representative Lane Shetterly, Chair

Witness Present: John Phillips, Oregon Revenue
Doug Ebner, Marion County Assessor

Staff Present: Paul Warner, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Kathy Tooley, Committee Assistant

TAPE 69, SIDE A

021 Vice Chair Scott Calls meeting to order at 8:35 a.m.

PUBLIC HEARING ON SB 222

030 Mazen Malik Provided a description and background of SB 222, (Exhibit 1).
044 John Phillips Provided background of SB 222, including Measure 50, ordering of exceptions, (Exhibit 2).
080 Vice Chair Scott Closed Public Hearing on SB 222

WORK SESSION ON SB 222

074 Rep. Hass **MOTION: MOVED SB 222 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**
089 **ROLL CALL: MOTION PASSED 8-0-1 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Williams. EXCUSED: Chair Shetterly.**
100 Discussion regarding consent calendar candidacy.
Rep. Farr will carry the bill.

PUBLIC HEARING ON SB 224

111 Malik Provided a description and background of SB 224, (Exhibit 3).
130 Phillips Provided background and scope of the measure; discussed Director of Revenue authority to add omitted property, 5 year limitations, (Exhibit 4).

160	Rep. Hass	Define "centrally assessed properties".
178	Phillips	Defined centrally assessed properties.
186	Rep. Hass	What is the relationship of "omitted property".
188	Phillips	Described "omitted property".
203	Rep. Verger	That seems very lenient to only assess 5 years taxes. What about non-profit property that might fall into the category and goes to court? If a non-profit prevails, and then a later time another does not prevail, does this bill go back 5 years and assess taxes on the first property?
212	Phillips	That is a known situation. This bill deals with omitted property, not known to the assessor.
230	Rep. Barnhart	Why 5 years? Why not 10 or 3?
242	Phillips	Don't know the history of 5 years. Not in the bill to determine intent of the omission. Policy decision is to find a balance; could be the taxpayer or the assessor's mistake. Five years is closely related to 5 year foreclosure process.
280		Question and discussion regarding frequency of large omissions?
339	Rep. Barnhart	Five years conforms to the other statute and a number of convenience.
342	Phillips	Five years puts taxpayers on an equal playing field, it's our interpretation and what we have been doing.
349	Malik	Five years is part of a court case.
358	Hopson	If makes no difference if it was purposeful or accidental?
345	Phillips	Answered affirmatively. Discussed situations of omissions that were purposeful and those where taxpayer was unaware of discrepancy.
378	Rep. Hopson	They are treated exactly the same?
380	Phillips	Answered affirmatively.
362	Rep. Verger	It's difficult to do a great deal to a residence when permits are required, it seems 5 years gives the assessor a lot of time to discover omitted property and assess. Three years seems more reasonable for the taxpayer to be charged.
395	Rep. Berger	Five years isn't on discovery, but how far back you can go to collect omitted taxes?
415	Phillips	Answered affirmatively.
420	Rep. Barnhart	Expressed opposite view on period of time. If a business manages to hide construction without a permit for 25 years, they should pay for the 25 years. The challenge is determining intent of taxpayer, 5 years may be a reasonable compromise without looking at intent.

002	Rep. Verger	This would be a deliberate attempt on the part of that business. Accidental omissions could happen, would not want it to be a witch hunt.
011	Rep. Williams	Having bill have no intent and five years seems to be a reasonable balance. Proof issues to determine intent would probably exceed value of additional tax revenue. Want property to be freely transferable. Would support bill as it reads currently.
032	Rep. Barnhart	Would concur.
033	Rep. Farr	What proof is required that the improvement has been there for 5 years?
040	Phillips	Discussed claim and notice process, opportunity for response and appeals.
042	Rep. Farr	Would appeals process eat up additional revenue from 5 years of taxes?
057	Phillips	Five years starts when notice process starts, value is added to the role, starts at that point, not during appeals process.
058		Questions and discussion regarding process.
065	Rep. Scott	SB 224 has to do with central property rather than residential.
068	Rep. Verger	Is there cost to the appeals process?
069	Phillips	Yes. Staff time and other.
071	Rep. Verger	Who pays the cost?
076	Phillips	Depends on the appeal, discusses tax court.
087	Rep. Verger	There is no added expense to the person, when property changes hands and omission was made without knowing?
092	Phillips	There is a filing fee, defers to County Assessor
098	Doug Ebner	Discussed filing with tax magistrate, with protections for new owners.
115	Vice Chair Scott	Closed public hearing on HB 224

WORK SESSION ON SB 224

116	Rep. Williams	<p>MOTION: MOVED SB 224 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION</p> <p>ROLL CALL: MOTION PASSED 7-1-1 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Williams. VOTING NO: Verger. EXCUSED: Chair Shetterly.</p> <p>Rep. Williams will carry the bill.</p>
130	Vice Chair Scott	Closed the work session on SB 224.

WORK SESSION ON HB 2187

131	Vice Chair Scott	Open work session on HB 2187
135	Mazen	Provided a description and background of HB 2187, (Exhibit 5), discusses revenue and constitutional impact.
172	Rep. Berger	Discussed Shiloh case. Supportive of this bill.
195	Rep. Hass	Revenue shift caused by court decision, not by this legislation, so whether this is done or not, that shift will occur?
186	Mazen	Answered affirmatively. This bill tries to codify into law.
204	Rep. Berger	<p>MOTION: MOVED HB 2187 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION</p> <p>ROLL CALL: MOTION PASSED 9-0-0 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Williams. EXCUSED: Chair Shetterly.</p> <p>Rep. Berger will carry the bill.</p>
221	Vice Chair Scott	Closed work session on HB 2187.
223	Vice Chair Scott	Meeting adjourned at 9:15 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Malik, "Staff Measure Summary SB 222", 2 pages
2. Phillips, "Testimony SB 222", 2 pages
3. Malik, "Staff Measure Summary SB 224, 2 pages
4. Phillips, "Testimony SB 224", 1 page
5. Malik, "Staff Measure Summary HB 2187", 2 pages