

HOUSE REVENUE COMMITTEE
April 4, 2003 9:00 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Mark Hass
Representative Elaine Hopson
Representative Max Williams

Members Excused: Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr

Witness Present: Patti Milne, Marion County Commissioner
James Balkema, Marion County
Toni Balkema, Marion County
John Phillips, Department of Revenue
Diane Belt, Oregon Association of County Tax Collectors
John Blatt, Association of Oregon Community Development Organizations
Representative Kelly Wirth, District 16
Jason Williams, Oregon Taxpayers Association
Joe Schweinhart, Associated Oregon Industries
Senator Gary George, District 12
Marcia Kelley, Women's Rights Coalition
Tom Potiowsky, Office of Economic Analysis

Staff Present: Paul Warner, Legislative Revenue Office
Lizbeth Martin-Mahar, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 108, SIDE A

004	Chair Shetterly	Calls meeting to order at 9:12am.
OPENS PUBLIC HEARING ON HB 3134		
015	Paul Warner	Explains HB 3134 which grants counties the right to sell tax lien certificates on properties to investors. Exhibit 1.
028	Patti Milne	Testifies in support of HB 3134 because it maximizes what it owed to county tax districts in a time when local budgets are shrinking. Refer to written testimony. Exhibit 2.
086	James Balkema	Testifies in support of HB 3134 because it would bring in money to counties and increase tourism. Discusses his experiences investing a similar program in Arizona. Refer to written testimony. Exhibit 3.
163	J. Balkema	Walks through how the program would work for one property.
185	Rep. Shetterly	Asks what the statutory rate for lien delinquency is in Oregon.
186	J. Balkema	Responds 16 percent.

Discussion follows.

224 Toni Balkema Discusses the process of the lien certificate program.
Discussion follows.

251 Rep. Shetterly Asks who is responsible for taxes that aren't paid in the future.

253 J. Balkema Responds that the investor could sub-tax to keep an investor from buying the certificate.

278 Rep. Hass Asks how this program would improve the situation for delinquent taxpayers.

280 T. Balkema Responds that it would not make their situation any better but would also not make it worse.

302 Rep. Shetterly States that the process would not change except that the investor would take the debt off the hands of the state.
Discussion follows.

318 Milne Clarifies that it relieves the county from uncollected debts.
Discussion follows.

356 J. Balkema Points out that if the bill passed a lot of delinquent taxpayers would pay the owed debts to keep investors from coming in and foreclosing on property.

375 J. Balkema Discusses figures on delinquent property taxes in Marion County.
Discussion follows.

404 Rep. Verger Asks about bankrupt properties.

405 J. Balkema Responds that bankrupt properties are not allowed to be sold until the bankruptcy goes through and that even after that they are seldom sold.
Discussion follows.

TAPE 109, SIDE A

010 Milne Points out that this program could turn around the health of the general fund for Marion County.

035 John Phillips Explains HB 3134 and gives figures on delinquent taxes for all counties in Oregon. Discusses issues of concern for the Department of Revenue. Refer to written testimony. Exhibit 4.

203 Diane Belt Testifies against HB 3134 because it could decrease funding for assessment and taxation and would create more administrative duties for county offices. Refer to written testimony. Exhibit 5.

255 Rep. Shetterly Asks why it would work better for small districts.

257 Belt Responds that it would benefit the districts where the taxes were owed. Discusses the administrative costs that would be placed on the counties.

286 Rep. Shetterly Asks if it would be acceptable to have it on a county by county basis.

- 289 Belt Responds that it would create an inconsistency in the statewide process of foreclosing if one or a few counties offered tax lien certificates.
- 315 Rep. Verger Asks how this bill would be taking advantage of a person who refuses to pay their taxes.
- 335 Belt Responds that many of the people she talks to don't refuse to pay their taxes, but are unable to pay them.
- Discussion follows.

TAPE 108, SIDE B

- 002 John Blatt Testifies that this bill would not have much of an affect on non-profit organizations. Offers personal support for HB 3135 because he feels it makes sense from a financial standpoint. Recommends selling the interest on the income and not the asset.

CLOSES PUBLIC HEARING ON HB 3135

OPENS PUBLIC HEARING ON HB 3397

- 102 Paul Warner Explains HB 3397 which modifies statute allocating surplus kicker refund to individual income taxpayers, limiting the amount of surplus refund for taxpayers with prior year liability above \$80,000 and increasing the percentage of refund for those with less than \$80,000. Exhibit 6.

OPENS PUBLIC HEARING ON HB 3398

- 125 Rep. Wirth Introduces HB 3397 and HB 3398. Gives history of the kicker refund and discusses the intent of the bills. Refer to written testimony. Exhibit 9.
- 286 Rep. Verger Asks if the bills would be allowed by the constitution.
- 290 Warner Responds affirmatively.
- 305 Jason Williams Testifies in opposition to HB 3397 because he disagrees with redistributing wealth.
- 362 Rep. Hass Asks if Williams is opposed to HB 3398.
- 367 Williams Responds that they haven't had enough time to look at it but that if it does not redistribute wealth in an unfair manner they would probably not have problem with it.
- 389 Rep. Shetterly Points out that in general the income tax system penalizes income earning.
- 394 Joe Schweinhart Testifies that people who get more money back from the kicker refund pay more taxes and should not be penalized.

TAPE 109, SIDE B

- 005 Sen. George Testifies against SB 3397 because the state shouldn't penalize people who pay higher taxes and it would decrease credibility from the public which voted for the kicker refund.
- 044 Marcia Kelley Testifies that there are substantial tax breaks for people who are high income earners and that wealth should be distributed to help people who are out of work and poor.

CLOSES PUBLIC HEARING ON HB 3397 and HB 3398

OPENS WORK SESSION ON HB 2705

065	Warner	Discusses changes made in the proposed amendments.
130	Tom Potiowsky	States that the office of economic analysis is moving ahead and forming an advisory revenue forecast board.
165	Rep. Verger	States that she will not be voting for the bill because she does not support an advisory board.

CLOSES WORK SESSION ON HB 2705

180	Rep. Shetterly	Adjourns meeting at 10:47am.
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Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 3134, Paul Warner, Staff Measure Summary, 1p.
2. HB 3134, Patti Milne, Written Testimony, 2pp.
3. HB 3134, James Balkema, Written Testimony, 12pp.
4. HB 3134, John Phillips, Written Testimony, 6pp.
5. HB 3134, Diane Belt, Written Testimony, 4pp.
6. HB 3397, Paul Warner, Staff Measure Summary, 1p.
7. HB 3397, Paul Warner, Kicker Rebates by Liability Class, 1p.
8. HB 3398, Paul Warner, Staff Measure Summary, 1p.
9. HB 3397, Rep. Wirth, Written Testimony, 5pp.
10. HB 2705, Paul Warner, Proposed HB 2705-1 Amendments, 3pp.
11. HB 2705, Paul Warner, Proposed HB 2705-2 Amendments, 6pp.