

**SENATE REVENUE COMMITTEE**  
**March 13, 2003 1:00 PM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Ted Ferrioli, Vice Chair  
Senator Tony Corcoran  
Senator Lenn Hannon  
Senator Charlie Ringo  
Senator Bruce Starr

Witnesses Present: Fred Hansen, General Manager, Tri-Met  
Senator Vicki Walker, District 7  
John Brown, Eugene Real Estate Appraiser  
Diane Belt, Oregon Association of County Tax Collectors  
Gary Bartholomew, Oregon Association of County Tax Collectors

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

**TAPE 62, SIDE A**

003 Chair Deckert Calls meeting to order at 1:10pm

OPENS WORK SESSION ON SB 549

017 Sen. Deckert Asks if TriMet would have to enact the increase by January 1, 2004 in order to meet the requirements of the phase in process thereby voiding the promise that they would wait until there was an economic recovery before phasing in an increase.

023 Fred Hansen Responds negatively citing that the language allows them to phase in the increase for 10 years after it is initiated and not 10 years after the passage of the bill.

038 Sen. Starr MOTION: MOVES LC-5 AMENDMENTS DATED 3/12/03 TO SB 549 BE ADOPTED. Exhibit 3.

044 Martin-Mahar Explains the LC-5 amendments, which specifies that the district board must adopt an ordinance increasing the tax authority if the economy in the district has recovered from any downturn, reflected in employment and income growth. Exhibit 1.

051 Sen. Starr Asks if it would make more sense to adopt amendments to section 2, where it relates to timing of the increase, rather than section 1.

064 Hansen Responds that the advantage of being in section 1 is that when section 2 is repealed by the sunset it would stay in place and would apply across all times.

083 Sen. Starr Asks if in the situation that the ordinance was passed in 2005 it would be phased in until 2015.

095	Hansen	Responds affirmatively.
112	Sen. Starr	Asks if the board takes one action to set the increase in motion or if there is an ordinance at every point that the increments are phased in.
117	Hansen	Responds that section 2 allows for it to be done either way.
125	Sen. Deckert	ORDER: WITHOUT OBJECTION THE LC-5 AMENDMENTS ARE MOVED INTO SB 549. ALL MEMBERS PRESENT EXCEPT SEN. FERRIOLI.
137	Sen. Ferrioli	Asks about the cost per ride.
145	Hansen	Responds that in FY02 the cost per boarding ride of light rail is about \$1.51 and the bus ride \$2.04.  Discussion follows.
206	Sen. Hannon	MOTION: MOVES SB 549 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
213	Sen. Deckert	ORDER: ROLL CALL VOTE: MOTION PASSES 6-0-0. Sen. Starr will carry the bill on the Senate Floor.

OPENS PUBLIC HEARING ON SB 556

223	Mazen Malik	Explains SB 556, which reduces the rate of interest paid on certain property tax refunds. Exhibit 4.
239	Sen. Walker	Testifies in support of SB 556 because counties are losing a lot of money because the interest on property tax appeals is paid out at 12 percent when the current interest rate is extremely low.
256	John Brown	Testifies in support of SB 556 because it provides increased revenues to local taxing districts without a cost to the taxpayers and corrects an inequity. Gives examples from Lane County of large refunds.
319	Sen. Hannon	Asks if this appears to be a persistent problem of refunds.
341	Brown	Responds that there is a problem in that the county tax board is so understaffed that they are not able to adequately contest the appeals in court.
360	Sen. Hannon	Asks about the interest rate for those who underpay.
369	Brown	Responds that he believes a person is able to go back and pay the taxes owed without a penalty within a certain amount of time.
378	Sen. Hannon	Asks if this is a problem because of the size of cases taken to contested hearings.
387	Brown	Responds that he doesn't believe so and that the problem is because of the number of people who are able to obtain a refund.
400	Sen. Hannon	Asks if he is saying that there is a problem with the county tax assessors.
404	Brown	Responds affirmatively.
413	Sen. Deckert	Asks if the tax assessors need to have some sort of disincentive to not

underestimate the tax liability and if the 12 percent rate addresses that.

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001	Brown	Responds that he doesn't believe a 12 percent rate is a penalty to the county and that it was put in place historically to reflect the market and lost opportunity and that those markets have changed now.
006	Sen. Deckert	Asks about the history of the 12 percent rate.
007	Brown	Responds that he doesn't know.
012	Sen. Walker	Responds that she doesn't believe the assessors are not appropriately assessing property and that the problem lies in that the tax assessors are understaffed and cannot compete against lawyers who are after large refunds. States that she has been told that the bill should be changed to use a simple rate rather than a compounded and that she has no position on that.
034	Malik	States that the Legislative Fiscal Office had difficulties in issuing a fiscal impact statement because of the compounded rate.
038	Sen. Deckert	States that he will hold off on the compounded rate issue until he gets a sense of where the committee is on the concept.
046	Diane Belt	Discusses the history of the 12 percent rate and the problems with compounding rates. Recommends using simple rate. Gives examples of large refunds.
084	Gary Bartholomew	Suggests language that would set the rate at the nearest quarter percent so that counties might not even have to change the rate every year.
095	Sen. Deckert	Asks how Oregon compares to other states.
102	Bartholomew	Discusses Washington's and California's rates.
120	Sen. Ferrioli	Asks about the differential between the interest charged and interest paid.
123	Bartholomew	Responds that the interest rate charged is currently 16 percent annually.
135	Sen. Ferrioli	Points out that some people will think about a sense of proportionality when looking at this bill.
146	Belt	Responds that the full 16 percent doesn't kick in until 12 months have passed.
159	Sen. Ferrioli	Asks how the counties compound interest.
160	Belt	Responds that they use simple interest.
161	Sen. Ferrioli	States that he still doesn't have an answer to give his constituents about the fairness of the differential.
164	Belt	Responds that she asks those people where else they can go and not pay but still receive services with the only downfall being that they have to pay interest.
174	Sen. Deckert	States that to him it seems like there should be some consistency between what is paid and what is charged.
180	Sen. Ferrioli	Responds that he agrees but argues that there is proportionality to the

symmetry and that there should be a differential, just not 10 points.

Discussion follows.

199 Sen. Deckert Asks what the 12 percent rate would be if there was complete balance.

204 Bartholomew Responds that it would be about 5.5 percent.

Discussion follows.

236 Malik Explains that 4 percent of the 16 percent charged is dedicated to funding assessment functions within the county.

Discussion follows.

CLOSES PUBLIC HEARING ON SB 556

OPENS PUBLIC HEARING ON SB 229

252 Malik Explains SB 229. Discusses the previous concerns and explains the LC-1 and LC-2 amendments. Exhibits 6-8.

341 Sen. Hannon Asks if this is the same interest rate that was discussed in SB 556.

345 Malik Responds that it is the same interest rate but on the other side.

Discussion follows.

CLOSES PUBLIC HEARING ON SB 229

OPENS WORK SESSION ON SB 229

370 Sen. Corcoran MOTION: MOVES LC-1 AMENDMENTS DATED 3/7/03 TO SB 229 BE ADOPTED.

373 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: RINGO, FERRIOLI.

374 Sen. Corcoran MOTION: MOVES LC-2 AMENDMENTS DATED 3/12/03 TO SB 229 BE ADOPTED.

377 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: RINGO, FERRIOLI.

378 Sen. Corcoran MOTION: MOVES SB 229 TO SENATE FLOOR WITH A DO PASS AS AMMENDED RECOMMENDATION.

385 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: RINGO, FERRIOLI. Sen. Corcoran will carry the bill on the Senate Floor.

392 Sen. Deckert Adjourns meeting at 2:02pm

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 549, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
2. SB 549, Lizbeth Martin-Mahar, Fiscal Impact Statement, 1p.
3. SB 549, Lizbeth Martin-Mahar, -5 Amendments to SB 549, 1p.
4. SB 556, Mazen Malik, Staff Measure Summary, 1p.
5. SB 556, John Brown, Written Testimony, 1p.
6. SB 229, Mazen Malik, -1 Amendments to SB 229, 2pp.
7. SB 229, Mazen Malik, -2 Amendments to SB 229, 1p.
8. SB 229, Mazen Malik, Staff Measure Summary, 1p.
9. SB 229, Mazen Malik, Revenue Impact Statement, 1p.
10. SB 229, Mazen Malik, Correcting Errors or Omissions in Rolls ORS Reference, 5pp.