

SENATE REVENUE COMMITTEE
April 15, 2003 1:30 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: Senator Frank Shields, District 24
Carl Meyers, Oregon Justice of the Peace Association
Senator Vicki Walker, District 7
Gary Bartholomew, Oregon Association of Tax Collectors
Dave Canary, Garvey, Schubert, and Barer Law Firm
Dave Carmichael, Attorney
Todd Lebo, Real Estate Appraiser

Staff Present: Paul Warner, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Tara Lantz, Committee Assistant

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004 Chair Deckert Calls meeting to order at 1:36pm.

OPENS WORK SESSION ON SB 391

035 Sen. Shields Explains SB 391, which establishes a \$25 fee for a marriage solemnized by a judicial officer of the state, county judge, justice of the peace, city official, or county clerk to be placed in the General Fund or with county and city treasurers. Discusses problems with the original bill and the -1 amendment. Discusses further problems that need to be addressed.

069 Carl Meyers Discusses problems remaining with the bill regarding justices of the peace and municipal courts. States that he would be happy to clean up the bill on the house side.

096 Sen. Shields States that he would make sure the changes are made in the house and that the amendment proposed by Meyers makes sense.

111 Sen. Ferrioli MOTION: MOVES SB 391-1 AMENDMENTS DATED 4/3/03 BE ADOPTED.

131 Sen. Hannon Expresses concern that the money goes to the general fund rather than the courts.

157 Sen. Shields Responds that had he known about that issue before he would have written an amendment and that if the committee chooses he would make that change in the house at the same time as fixing the other problems.

Discussion follows.

182 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 6-0-0.

- 191 Sen. Ferrioli MOTION: MOVES SB 391 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
- 187 Sen. Starr Asks for clarification on the bill.
Discussion follows.
- 209 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 6-0-0.
Sen. Shields will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON SB 391

OPENS WORK SESSION ON SB 556

- 221 Mazen Malik Explains SB 556, which reduces the rate of interest paid on certain property tax refunds and indexes interest rate to changes in the commercial bank prime rate.
- 243 Sen. Walker Testifies in support of SB 556. Discusses opposition to the bill and compares Oregon's interest rates to surrounding states. Explains the -1 amendment, which takes out the daily compounding.
- 300 Sen. Deckert Asks about the intent of the bill
- 306 Sen. Walker Responds that the intent of the bill is to lower the rate of interest paid on tax refunds, because the rate of interest in the market is so low. Discusses lack of funding for assessors.
- 353 Gary Bartholomew Explains the -1 amendment.

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- 006 Sen. Ferrioli Expresses concern with adjusting the rate paid without proportionally adjusting the rate charged for delinquent taxpayers.
- 019 Sen. Walker Responds that there should be no correlation between the two because the interest paid is to make up for lost money and the interest charged is a penalty for not paying taxes on time. States that the interest charged needs to be high to prevent delinquent taxpayers.
- 055 Sen. Ferrioli Responds that the argument doesn't make any sense because a proportional spread would be providing the same four percent to the jurisdiction regardless of what the rates would be.
- 070 Sen. Ringo Asks if in talking about proportional reduction he means reducing the interest rate for delinquent taxpayers the same amount as reducing the interest rate for tax refunds.
- 073 Sen. Ferrioli Responds affirmatively.
- 083 Sen. Ringo States that he is not sure the connection is so clear.
- 094 Sen. Ferrioli States that a discount is a bigger motivator than a big penalty.
- 114 Sen. Walker Responds that the total interest rate paid to the state is 12 percent which is not unreasonable considering that many states charge interest and a penalty on top.
- 150 Sen. Deckert Asks why there are a disproportionate number of tax appeals in Lane County.

156	Sen. Walker	Responds that Lane County is understaffed and has had a large number of industrial tax appeals.
166	Bartholomew	Discusses the discount referred to by Sen. Ferrioli. Discussion follows.
194	Malik	Asks if the amendment addresses the problem of changing the interest rate every year.
200	Bartholomew	Responds that by rounding it to the nearest tenth, it reduces the chance of changing every year.
219	Dave Canary	Testifies in opposition to SB 556 because it is unfair to charge a higher rate than is being paid, and because it penalizes everyone regardless of the reason.
282	Sen. Ringo	Asks about the Department of Revenue's policy for charging income tax penalties.
290	Canary	Responds that they have the flexibility to look at each penalty case by case.
298	Sen. Ringo	Asks about payroll taxes.
312	Canary	Responds that he doesn't know.
315	Sen. Ringo	States that there is a place for penalties to encourage people to comply with deadlines.
325	Canary	Agrees but thinks that the situation should be analyzed before a penalty is charged to see if there is a good reason for being late.
340	Sen. Ringo	Asks if he would object to reducing both the interest paid and interest charged and then put a penalty on top of interest charged.
350	Canary	Responds negatively. States that he believes the interest paid should be lower, but the interest charged should also be reduced. Discusses figures which show that counties are collecting more than they are paying out and costs to taxpayers in pursuing refunds.

TAPE 93, SIDE B

030	Sen. Ringo	Asks the typical reasons for being delinquent on property taxes.
033	Canary	Responds that he typically represents large utility and industrial companies that are not delinquent.
043	Dave Carmichael	Discusses cases where a penalty should not be charged.
065	Sen. Ringo	Asks if Carmichael sees value in seeing some penalty applying to delinquency.
067	Carmichael	Responds affirmatively and discusses historical link of delinquent and refund interest. Discussion follows.
124	Carmichael	Testifies that looking at other states is only used when the state has no

guidance. Discusses the history of the statute. Refer to written testimony. Exhibit 7.

- 175 Sen. Ringo Asks if the same group of people that are seeking refunds are the ones that are delinquent.
- 177 Carmichael Responds that the people that are delinquent aren't able to file for refunds.
- 187 Sen. Ringo States that it seems that people who seek refunds are not in financial distress and that people who are delinquent are.
- Discussion follows.
- 210 Sen. Ringo Asks why the two rates are linked.
- 216 Carmichael Responds that they have historically been linked. Discusses statements made in the public hearing that he believes to be false.
- 325 Todd Lebo Testifies against SB 556 because it enhances distrust of taxpayers.
- 385 Sen. Deckert States that they will not be moving the bill this afternoon.

CLOSES WORK SESSION ON SB 556

OPENS WORK SESSION ON SB 807

- 375 Sen. Ferrioli MOTION: MOVES SB 807-1 AMENDMENTS DATED 3/18/03 BE ADOPTED.
- 379 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: HANNON, RINGO.
- 383 Sen. Ferrioli MOTION: MOVES SB 807 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
- 388 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: HANNON, RINGO.
- 395 Sen. Deckert Adjourns meeting at 2:56pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. SB 391, Paul Warner, Proposed SB 391-1 Amendments, 1p.
2. SB 391, Paul Warner, Staff Measure Summary, 1p.
3. SB 391, Paul Warner, Fiscal Impact Statement, 1p.
4. SB 556, Mazen Malik, Proposed SB 556-1 Amendments, 1p.
5. SB 556, Mazen Malik, Staff Measure Summary, 1p.
6. SB 556, Mazen Malik, Revenue Impact Statement, 1p.
7. SB 556, David Carmichael, Written Testimony, 7pp.
8. SB 807, Steve Meyer, Proposed SB 807-1 Amendments, 1p.
9. SB 807, Steve Meyer, Revenue Impact Statement, 1p.

