

**HOUSE SCHOOL FUNDING AND TAX
FAIRNESS/REVENUE COMMITTEE**

FEBRUARY 13, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:44 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:55 arrived)

Representative Bill Witt (2:15 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: John Phillips, Department of Revenue

James Hamrick, State Historical Preservation
Office/Oregon Parks and Recreation Department

Alfred Staehli, Architect

Lynn McNamara, League of Oregon Cities

Justin Burns, Hagen, Dye, Hirschy & DiLorenzo, P.C.

John Tess, Oregon Historic Properties Association

Dexter Johnson, Legislative Counsel

TAPE 45, SIDE A

004 Chair Shetterly Meeting called to order at 1:41 p.m.

OPENED PUBLIC HEARING ON HB 2204

015 Lizbeth Martin- Provided a description of the measure and
Mahar discussed the background. (Exhibit 1)

082 John Phillips Presented testimony in support of measure.
(Exhibit 2)

143 Rep. Hass Is the roll back on historic properties mandated
by Measure 50?

150 Phillips Responded that it did not directly speak to
historic property, but it did address specially
assessed property.

158 Vice Chair Will there be a report from the interim group
Carlson that was established to examine historic
property?

171 Phillips Responded that HB 2270 is a result of the work
of the interim group and believes Mr. Hamrick
will speak to that. The language in HB 2204
parallels language in HB 2270.

179 Rep. Beck Clarified that §1 affects only commercial
property, correct; residential properties can't
apply for an additional 15-year special
assessment.

189 Phillips Concurred that only commercial properties can
apply for the additional 15-years, but it is not
true that §1 applies only to commercial
properties; referenced §1(1)(a) establishes a
special assessed value for all properties.

225 Chair Shetterly The public hearing on HB 2204 remained open
and opened a concurrent public hearing on HB
2270.

OPENED CONCURRENT PUBLIC HEARING ON HB 2270

228 Lizbeth Martin- Provided a description of the measure and the (-
Mahar 1) amendments and discussed the background.
(Exhibits 3-5)

Distributed written testimony from Cathy Galbraith, Director of the Architectural Heritage Center. (Exhibit 6)

257 James Hamrick Presented testimony in support of measure; requested an amendment to delete §28. (Exhibit 7)

414 Rep. Beck Reviewed the Governor's proposals for rural economic development for sewer and water improvements; has anyone considered piggybacking on some of the economic development funds for the revolving loan program?

438 Hamrick Discussed possible potential sources of funding.

TAPE 46, SIDE A

028 Alfred Staehli Presented testimony in support of measure; noted his references to the measure pertain to the legislative concept, not the printed measure. (Exhibit 8)

053 Chair Shetterly Of the seven recommendations, which would you consider critical, if any?

065 Staehli Reviewed recommendations he would consider critical.

085 Lynn
McNamara Presented testimony in support of measure. (Exhibit 9)

123 Rep. Beck Could visitation be done on a voluntary basis rather than a mandatory basis?

136 McNamara It is the League's position that the current requirement is not unreasonable.

146 Justin Burns Presented testimony in support of measure and requested amendments. (Exhibit 10):

185 Dexter Johnson Discussed Mr. DiLorenzo's concern that there is not enough applicability provision in HB 2270.

198 Vice Chair
Carlson Referenced HB 2270, §8, lines 6-13; this language is not included in HB 2204. Requested Johnson clarify how the two bills fit together.

206 Johnson "The effect of the language in HB 2270, page 6, lines 6-13 is that, if in the year that you apply for historic assessment you are exempt or specially assessed under another special assessment program you are not going to use that value as your frozen value. Instead it will be computed as

if you weren't subject to the exemption or other special assessment program. It is not in HB 2204, but if the Committee should decide to go forward with HB 2204 it would be an appropriate amendment."

Questions and discussion regarding what qualifies as other special assessments; examples cited.

- 236 Burns Continued with testimony in support of measure. (Exhibit 10)
- 251 Chair Shetterly "Why is there uncodified language?"
- 255 Johnson Referenced Section 33, Chapter 579 Oregon Laws 1999; which made temporary provision, for a 30-year evaluation period under limited conditions; therefore the language was not codified.
- Provided background on measure, as it relates to what value is to be used for the second 15-year period
- 268 Chair Shetterly Amendments clarifying the second 15-year evaluation and the addition of an applicability section would correct that?
- 283 Johnson HB 2270 and HB 2204 clarify the evaluation period for the second 15-year period; the applicability provision would make it clear — it is a good precaution to make it clear that there is not a retroactive application. HB 2204, §3 is an example of the language discussed with DiLorenzo.
- 308 Rep. Beck "Who are the three property owners?"
- 309 Burns Named two, cannot recall third.
- 333 Rep. Beck Restated Burns testimony; is that an accurate summary, as it relates to these three property owners?
- 338 Burns Explained what the three property owners were relying on; our purpose is to hold the State to the benefit of the bargain at the time, given the property owners reliance on the law in 1997 and later in 1999 we believe that should continue.
- 353 Johnson Reviewed 1996 discussions and how the three property owners interpreted the law; that interpretation is open for debate as to the intent

of the 1995 legislature.

- 382 Vice Chair The measure would put into statute the step-up, Kafoury which currently is debatable whether or not it currently exists?
- 385 Johnson Concurred.
- 389 Vice Chair The amendment would apply to what properties? Kafoury
- 394 Johnson The proposed amendment would preserve whatever frozen values the courts determine is appropriate for historic commercial property between 1995 and the effective day of this act.
- 403 Vice Chair How many properties would that affect and what Kafoury is the difference?
- 408 Burns Aware of the three, believes there are more.
- 409 Vice Chair Noted discrepancies in wording between the two Carlson measures and requested if the difference is substantive; Johnson will review prior to a work session — Referenced HB 2204, page 2, line 33 "for that commercial property", which do not appear in HB 2270, page 9, line 44.

TAPE 45, SIDE B

- 020 Burns Continued with testimony and a substantive change relating to capturing 4-6 properties, that are no longer commercial, be included in the reapplication process.
- 040 Chair Shetterly A class of non-commercial properties would be created that are entitled to renew the exemption?
- 044 Burns Concurred.
- 045 Chair Shetterly Questions and discussion regarding whether a constitutional issue is raised by that action.
- 060 Vice Chair Requested clarification that the 4-6 properties Kafoury would be held to the same tax rate as the earlier properties discussed.
General concurrence.
- 065 Chair Shetterly Are these warehouses that have become condos.
General concurrence.
- 068 Vice Chair Why do commercial building qualify for an Kafoury additional 15 years and residential properties don't?

073	Burns	Would not be opposed to including residential property.
076	Rep. Beck	Requested in future discussions of the measure that the properties and beneficiaries be identified. Questioned what provisions and oversight there is to assure that landlords have improved the property and fulfilled the intent of the program.
100	Burns	Properties must complete a renovation plan that must be complied with.
107	John Tess	Spoke in support of the measure and requested two areas be considered for amendments: <ul style="list-style-type: none"> 1. Extend the special assessment to construction that does not increase the square footage of the building. 2. Extend the special assessment to housing units that would be incorporated into the rehabilitation of a historic building contingent on approval by the State Historic Preservation Office.
201	Tess	Addressed some of the prior questions from the committee to other witnesses.
232	Rep. Beck	Questions and discussion regarding if businesses qualify for the special assessment if they use an old warehouse that houses only electronics?
240	Tess	Cited examples that qualify and they qualify for two programs; discussed what the buildings are used for.
281	Hamrick	Delivered concluding remarks and summarized the request for amendments and the Oregon Historic Preservation Society's position on each of the proposals.
363	Rep. Beck	If a non-profit were the property owner would that change your position on the amendments proposed by Tess?
378	Hamrick	Uncertain.
392	Chair Shetterly	Meeting adjourned at 3:04 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2204, Staff Measure Summary Martin-Mahar, 1 page
2. HB 2204, Testimony, Phillips, 1 page
3. HB 2270, Staff Measure Summaries, Revenue and Fiscal statement, Martin-Mahar, 4 pages
4. HB 2270, (-1) Staff Measure Summary, Martin-Mahar, 2 pages
5. HB 2270, (-1) amendment, (DJ/ps) 02/13/01, LRO Staff, 1 page
6. HB 2270, Testimony, Galbraith, 1 page
7. HB 2270, Testimony, Hamrick, 15 pages
8. HB 2270, Testimony, Staehli, 2 pages
9. HB 2270, Testimony, McNamara, 1 page
10. HB 2270, Testimony, Burns, 2 pages