

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

FEBRUARY 20, 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

Representative Chris Beck

Representative Alan Brown (1:47 arrived)

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:46 arrived)

Members Excused: Representative Alan Bates

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Gary Carlson, Associated Oregon
Industries

Larry Tapanen, Associated Oregon Industries

David Canary, Associated Oregon Industries

Jerry Hanson, Washington County Assessor

Ray Erland, Clackamas County Assessor

Bob Vroman, Clackamas County

John Phillips, Department of Revenue

Jim Manary, Department of Revenue

TAPE 56, SIDE A

007 Chair Shetterly Meeting called to order at 1:44 p.m.

OPENED PUBLIC HEARING ON HB 2534

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

082 Martin-Mahar Reviewed Example 1 for residential property;
defining acronyms, (Page 3, Exhibit 1).

163 Martin-Mahar Reviewed Example 2 for industrial property,
(Page 4, Exhibit 1).

214 Martin-Mahar Reviewed Example 2 for industrial property
with a partition of land for the 2003-04 tax year,
(Page 4, Exhibit 1).

263 Chair Shetterly "The theory is the partitioning of the land has
affected only the property; not the
improvements?"

268 Martin-Mahar Concurred. Continued with review of Example 2
for industrial property with a partition of land
for the 2003-04 tax year, (Page 4, Exhibit 1).

284 Martin-Mahar Reviewed the revenue impact, which is
indeterminate, (Page 2, Exhibit 1)

310 Vice Chair "How many properties would Example 2 apply
Carlson to?"

316 Martin-Mahar Would need to research, but believes it would be
small with the partitioning.

319 Chair Shetterly "Is it conceivable that the application of HB
2534 could cause an upswing in tax liability."

322 Martin-Mahar Concurred.

328 Rep. Beck Questions and discussion regarding the intent of
the measure, as opposed to equity to all property
taxpayers.

364 Gary Carlson Spoke in support of the measure.

TAPE 57, SIDE A

006 David Canary Spoke in support of the measure.

060 Canary Addressed earlier questions by Rep. Beck and Vice Chair Carlson.

082 Chair Shetterly "Would the passage of the measure create an incentive to "partition?"

087 Canary Yes, cited an example.

100 Chair Shetterly "Restate question about the application of HB 2534 and an increase in taxes relative to what they are under current law."

105 Canary "Can't envision that happening, but suppose it is possible."

106 Vice Chair Carlson "Does Example 2 show the value of both partitions of the land or just the remaining partition?"

112 Martin-Mahar Clarified her example; it addresses the existing account.

116 Vice Chair Carlson "Would there be a reappraisal of the land?"

121 Canary "Both sections of the land would be revalued; the building, machinery and equipment are protected with the measure."

130 Larry Tapanen Spoke in support of the measure.

189 Chair Shetterly Questions and discussion regarding the Flavorland Foods case.

248 Rep. Beck Questions and discussion regarding what triggers the reevaluation of improvements currently.

320 Carlson Made closing comments.

329 Chair Shetterly "Flavorland was not an exception value case, correct?"

330 Carlson Concurred.

338 Vice Chair Carlson Would this measure affect the Flavorland case and how would the deletion of those sections affect that case, if it won an appeal?

343 Canary Sections 6-7 should not be an issue.

362 Chair Shetterly Clarified Canary's response.

378 Ray Erland Spoke in opposition to the measure.

TAPE 56, SIDE B

- 013 Chair Shetterly Prior testimony stated that was not consistently the case in each county, requested comment.
- 016 Jerry Hanson The Department of Revenue appraises the industrial properties and would need to clarify, but does not believe that to be the case.
- 022 Erland Continued with testimony in opposition to the measure.
- 060 Chair Shetterly "Your interpretation is because of the "but" on page 3, §2, line 25, of the printed measure?"
- 063 Erland Concurred.
- 066 Chair Shetterly Does not believe that was the intent and could be changed if your interpretation is correct.
- 075 Hanson Spoke in opposition to the measure.
- 085 Chair Shetterly If the Flavorland case is appealed won't that impact your agency anyway?
- 094 Hanson Concurred. Continued with testimony in opposition to the measure.
- 110 Rep. Beck Referenced Canary's example and questioned if it is reasonable to address the improvements?
- 122 Erland "Clackamas County feels the values are at market value; partitioning the property does not change our role."
- 133 Hanson "Not sure how Washington County addresses reappraisal; reappraisal is generally the real market value, not the maximum assessed value. Constitutionally there are real clear-cut ways to add value to the roll."
- 167 Bob Vroman Spoke in opposition to the measure and addressed Rep. Beck's earlier question.
- 185 Chair Shetterly "Erland's objection is more the cost involved than the change?"
- 190 Erland Concurred; also noted the measure is very complex. There is a problem, but would like to address it in a manner that is not as far-reaching.
- 203 John Phillips Spoke to the measure; no position taken.
- 227 Jim Manary Spoke to the measure; no position taken.
- 266 Rep. Hass "If the tax court case is upheld would that become the law, if the measure were not

passed?"

- 277 Manary Yes, per the Constitution.
- 284 Vice Chair Questions and discussion regarding process on
Carlson what role the Department of Revenue plays and
what role the counties play.
- 296 Canary Rebutted Erland's testimony.
- 376 Hanson Explained computer-programming issues that
might be involved.
- 404 Chair Shetterly Meeting adjourned at 3:06 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2534, Staff Measure Summaries, Example sheet, Revenue and Fiscal statement, Martin-Mahar, 6 pages