

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

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**FEBRUARY 27, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair (1:48 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (2:08 arrived)

Representative Bill Witt (2:01 arrived)

Members Excused: Representative Janet Carlson, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: John Phillips, Department of Revenue

Debra Buchanan, Department of Revenue

Shirley Leiper, Department of Revenue

**TAPE 65, SIDE A**

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

**OPENED PUBLIC HEARING ON HB 2347**

- 011 Lizbeth Martin-  
Mahar Provided a description of the measure, as amended by the (-1) amendments and discussed the background. Noted correction in the Staff Measure Summary, "Background" portion, second paragraph, the age should be 59\_ not 62. (Exhibits 1-2)
- 075 Chair Shetterly "The income amount and the phase-out is background information only, it does not relate specifically to what this measure does, correct?"
- Martin-Mahar Correct — I mentioned it because of the discussion in the February 26 hearing regarding HB 2208 and for clarification on the (-1) amendment. (Exhibit 2)
- 094 John Phillips Spoke to the measure and (-1) amendments; no position taken. (Exhibit 2)
- 141 Chair Shetterly "The (-1) amendment addresses the bold language on line 8 of the printed measure and narrows the language of the original measure, correct?"
- 155 Phillips Concurred, "the Department did not want to be in the position of deciding who qualifies for social security disability." Continued with testimony to the measure and the (-1) amendments. (Exhibit 2)
- 163 Chair Shetterly Requested how the \$27,500 household income threshold works with the criteria for adjusted gross income that then applies to continuation of the program.
- 169 Shirley Leiper Explained how the program worked prior to passage of HB 2901 in 1999 and how it now works with the implementation of HB 2901.
- 185 Phillips Reviewed 1999 discussion on HB 2901 relating to the \$27,500 initial threshold and the trigger for the \$0.50 on the \$1 mechanism.
- 193 Chair Shetterly Questions and discussion regarding thresholds and eligibility.
- 205 Rep. Hass "Are these tax payments or property tax deferrals?"
- 215 Leiper "These are property tax payments made on behalf of a person to the county."
- 216 Rep. Hass "If the recipients income were to increase and stabilize would they become responsible for

these taxes, as a deferred debt?"

- 218 Chair Shetterly Reviewed the circumstances under which the tax becomes collectible.
- 226 Vice Chair Kafoury Noted that interest accrues so there is no loss to the State for this program.
- 231 Leiper Concurred with Vice Chair Kafoury's comment and noted the interest is 6% simple on the unpaid tax amount vs. the 16% charged by the county for delinquent interest and the State realizes the 3% discount.
- 242 Chair Shetterly Reviewed 1999 discussion from last session regarding qualified people who will not use the program because they do not want to accrue debt — what is the current utilization rate?
- 253 Leiper "Approximately 9-10% of qualified people utilize the program." Noted Oregon has the largest and oldest program in the nation.
- Questions and discussion regarding the fiscal impact statement.

#### **OPENED PUBLIC HEARING ON HB 2439**

- 301 Lizbeth Martin-Mahar Provided a description of the measure and a section by section review of the measure. (Exhibit 3)
- 391 Martin-Mahar Reviewed some rough revenue impact numbers; has not formalized a statement.
- 407 Debra Buchanan Spoke to the measure; no position taken and noted that the funding mechanism in this program is the same as the Elderly Rental Assistance (ERA) program addressed in SB 425 heard by Committee on February 26.

#### **TAPE 66, SIDE A**

- 016 John Phillips Spoke to the measure; no position taken.
- 034 Rep. Bates Questions and discussion regarding what the purpose of the measure is.
- 046 Chair Shetterly Questions and discussion regarding the program concept in general and how would it work with the deferral program — questioned if the programs are at odds or could they work together.
- 066 Rep. Witt Questioned if this is an attempt to create

equivalent relief for homeowners that currently exists for renters under the ERA provisions.

079 Rep. Witt

Noted that if this measure can provide some property tax relief for low-income senior homeowners similar to that provided for low-income elderly renters it could address some of the concerns expressed to him by seniors and disabled homeowners regarding the senior and disabled property tax deferral program.

Questions and discussion regarding the policy consideration and how best to view tax relief measures.

124 Chair Shetterly

Meeting adjourned at 2:21 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2347, (-1) Staff Measure Summary and Revenue statement, Martin-Mahar, 2 pages
2. HB 2347, (-1) amendment, (DJ/ps) 02/27/01, Department of Revenue, 2 pages
3. HB 2439, Staff Measure Summary and Section Review of Measure, Martin-Mahar, 2 pages