

PUBLIC HEARING AND WORK SESSION: SB 424; HB 2276, HB 2613, HB 2614

PUBLIC HEARING: HB 2612

TAPES 34 — 35 A

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

FEBRUARY 5, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:46 arrived)

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates (1:39 arrived)

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:46 arrived)

Members Excused: Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Debra Buchanan, Department of Revenue

John Scott, Department of Revenue

Bob Alexander, Department of Revenue

Charles Stern, Yamhill County Clerk

TAPE 34, SIDE A

006 Chair Shetterly Meeting called to order at 1:34 p.m.

OPENED PUBLIC HEARING ON HB 2276

010 Paul Warner HB 2276 is part of the Governor's recommended budget; it has been requested that the measure be referred to the Ways and Means committee without recommendation.

OPENED WORK SESSION ON HB 2276

020 Vice Chair **MOTION: MOVED HB 2276 TO THE**
Kafoury **HOUSE FLOOR WITHOUT**
RECOMMENDATION AS TO PASSAGE
AND THE BILL BE REFERRED TO THE
JOINT COMMITTEE ON WAYS AND
MEANS.

019 **ROLL CALL VOTE: MOTION PASSED 5-**
0-4* (Tape 34, Side A, 349 — Williams,
Carlson vote aye; Tape 35, Side A, 190 —
Bates votes aye. VOTE: 8-0-1)

REPRESENTATIVES VOTING AYE: Beck,
Brown, Hass, Kafoury, Chair Shetterly

REPRESENTATIVES EXCUSED: Bates,
Williams, Witt, Carlson

OPENED PUBLIC HEARING ON SB 424

038 Richard Yates Provided a description of the measure and discussed the background. (EXHIBIT 1)

075 Debra Buchanan Distributed testimony in support of measure. (Exhibit 2)

083 John Scott Presented slide show on the Cigarette Tax and compliance.

117 Chair Shetterly Requested Mr. Alexander review the relationship between this measure and the Master Settlement.

122 Bob Alexander The statute and the Master Settlement define "cigarette" differently; described the differences between the two. The Master Settlement definition is the better of the two.

142 Chair Shetterly Requested more discussion on the decline in revenue.

- 146 Scott Discussed the reasons for the decline in revenues from cigarettes.
- 156 Chair Shetterly The measure is tied directly to the Department of Revenue's objective of increasing compliance and the ability to run the program?
- 158 Scott Concurred.
- 161 Vice Chair Carlson What proportion of the decrease in revenue is due to the tobacco cessation programs as opposed to creativity in avoiding cigarette taxation?
- 166 Scott Approximately fifty percent of the reduction is due to tobacco cessation.
- 171 Rep. Bates Washington and California have higher taxes than Oregon; what problems do these states face, as far as "bootlegging" and how is it dealt with?
- 200 Alexander Gave Washington and California's ranking of noncompliance among the fifty states; they do have a vigorous enforcement program and stiff penalties.
- 226 Rep. Williams Does this measure cast a broader net than the prior definition?
- 239 Alexander The Master Settlement definition narrows the definition some.
- 268 Rep. Williams Pouch tobacco is taxed under a separate statute and doesn't need to be stamped?
- 269 Alexander Concurred.
- 288 Rep. Williams How large of a problem is the counterfeiting of stamps — what is the impact, financially, on the State?
- 295 Scott It costs the State approximately \$10 million per year.
- 303 Rep. Williams Have the revenue agents found people producing the counterfeit stamps?
- 307 Alexander Yes.

OPENED WORK SESSION ON SB 424

- 345 Vice Chair Kafoury **MOTION: MOVED SB 424 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 350 **ROLL CALL VOTE: MOTION PASSED 8-**

0-1

REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Williams, Carlson, Kafoury, Chair Shetterly

REPRESENTATIVES EXCUSED: Witt

Rep. Bates will carry the bill.

***REOPENED WORK SESSION ON HB 2276**

360 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS CONSENT THAT THE RULES BE SUSPENDED TO REOPEN THE WORK SESSION ON HB 2276 TO ALLOW REP. WILLIAMS AND VICE CHAIR CARLSON, WHO WERE EXCUSED WHEN THE VOTE WAS TAKEN, TO VOTE. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT WITT, EXCUSED)**

367 **REP. WILLIAMS AND VICE CHAIR CARLSON BEING EXCUSED WHEN THE ROLL WAS CALLED, WERE GRANTED UNANIMOUS CONSENT TO BE RECORDED AS VOTING AYE ON HB 2276.**

HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT WITT, EXCUSED)

OPENED PUBLIC HEARING ON HB 2612

376 Lizbeth Martin- Provided a description of the measure and
Mahar discussed the background. (EXHIBIT 3)

427 Charles Stern Spoke in support of the measure; the Department of Revenue would like to make amendments to the measure.

TAPE 35, SIDE A

002 Rep. Bates How does this measure differ from current law?

005 John Phillips Described how property is currently assessed. This measure would allow for the property to be taxed at value as of July 1 if it meets the criteria under this measure.

014 Rep. Bates Presented scenario and requested how the tax

burden would be calculated.

- 021 Phillips There are three processes; described each.
- 037 Vice Chair Referenced deletion on page 2, line 41 of the
Carlson printed measure; does the prior statutory
reference include broader circumstances under
which adjustments would be made to the value
of a property?
- 043 Phillips Concurred; explained the two laws that passed
and the effect of each. Spoke to the measure and
requested amendments to page 1, lines 15-16 of
the printed measure, if the policy decision were
to reduce the maximum assessed value to all
damaged property, regardless of circumstances.
- 076 Chair Shetterly What is broader than "by fire or act of God"?
- 077 Phillips Provided examples by which property is
destroyed other than "by fire or act of God"
where a property owner would get no tax relief.
- 102 Vice Chair Provided other examples of "value reduction"
Carlson and questioned if they would be included.
- 111 Phillips Those examples would fall under the current
"damaged and destroyed" definition.
- 134 Stern Further defined the policy question before the
Committee.
- 145 Phillips In recent conversations with Clackamas,
Washington and Columbia counties it was
reported that there were a total of six requests
for a July 1 determination — it is not high
volume.
- 151 Rep. Bates Noted two areas for clarification:
1. How a property is destroyed is irrelevant,
as far as reducing taxes, and would like
that fixed.
 2. Gave an example of a taxpayer and asked
if the measure fixes that situation totally
or just partially?
- 169 Stern With the addition of the reference to ORS
308.146 all of the circumstances you described
would be covered; described where in the
measure amendments would be needed.
- 177 Chair Shetterly Directed staff to work with witnesses on the

amendments.

183 Martin-Mahar Clarified what the committee wants from the amendment.

***REOPENED WORK SESSION ON HB 2276**

203 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS CONSENT THAT THE RULES BE SUSPENDED TO REOPEN THE WORK SESSION ON HB 2276 TO ALLOW REP. BATES, WHO WAS EXCUSED WHEN THE VOTE WAS TAKEN, TO VOTE. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT WITT, EXCUSED)**

205 **REP. BATES BEING EXCUSED WHEN THE ROLL WAS CALLED, WAS GRANTED UNANIMOUS CONSENT TO BE RECORDED AS VOTING AYE ON HB 2276.**

HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT WITT, EXCUSED)

OPENED PUBLIC HEARING ON HB 2613

210 Lizbeth Martin-Mahar Provided a description of the measure and discussed the background. (EXHIBIT 4)

226 Charles Stern Spoke in support of the measure.

242 Chair Shetterly The deletion of language on page 1, line 17 of the printed measure would correspond with prior practice?

246 Stern Concurred.

OPENED WORK SESSION ON HB 2613

258 Rep. Beck **MOTION: MOVED HB 2613 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

264 **ROLL CALL VOTE: MOTION PASSED 7-0-2* (Tape 35, Side A, 407 — Williams votes aye. VOTE: 8-0-1)**

REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Carlson, Kafoury, Chair Shetterly

**REPRESENTATIVES EXCUSED: Williams,
Witt**

Vice Chair Carlson will carry the bill.

OPENED PUBLIC HEARING ON HB 2614

- 275 Lizbeth Martin- Provided a description of the measure and
Mahar discussed the background. (EXHIBIT 5)
- 291 Charles Stern Spoke in support of the measure.
- 338 Chair Shetterly Referenced page 1, lines 21-23 of the printed
measure; do you foresee a circumstance where a
district attorney would refuse to represent?
- 320 Stern It would not differ from current law.
- 360 Vice Chair Referenced page 1, lines 15-16; what is meant
Carlson by "hire as an appraiser", would that be a
contractual agreement?
- 362 Stern Our intent is that it would be contractual; that is
currently the practice throughout the State.

OPENED WORK SESSION ON HB 2614

- 385 Rep. Beck **MOTION: MOVED HB 2614 TO THE
HOUSE FLOOR WITH A DO PASS
RECOMMENDATION.**
- 388 **ROLL CALL VOTE: MOTION PASSED 8-
0-1**

**REPRESENTATIVES VOTING AYE: Bates,
Beck, Brown, Hass, Williams, Carlson,
Kafoury, Chair Shetterly**

REPRESENTATIVES EXCUSED: Witt

Rep. Brown will carry the bill.

***REOPENED WORK SESSION ON HB 2613**

- 404 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS
CONSENT THAT THE RULES BE
SUSPENDED TO REOPEN THE WORK
SESSION ON HB 2613 TO ALLOW REP.
WILLIAMS, WHO WAS EXCUSED WHEN
THE VOTE WAS TAKEN, TO VOTE.
HEARING NO OBJECTION, THE CHAIR
SO ORDERED. (ALL MEMBERS
PRESENT EXCEPT WITT, EXCUSED)**

407

**REP. WILLIAMS BEING EXCUSED
WHEN THE ROLL WAS CALLED, WAS
GRANTED UNANIMOUS CONSENT TO
BE RECORDED AS VOTING AYE ON HB
2613.**

**HEARING NO OBJECTION, THE CHAIR
SO ORDERED. (ALL MEMBERS
PRESENT EXCEPT WITT, EXCUSED)**

412 Chair Shetterly Meeting adjourned at 2:34 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 424, Senate Revenue Staff Measure Summary, Revenue and Fiscal Statement, Preliminary Staff Measure Summary and Revenue statement, Yates, 5 pages
2. SB 424, Testimony, Buchanan, 2 pages
3. HB 2612, Preliminary Staff Measure Summary, Revenue and Fiscal statements, Martin-Mahar, 3 pages
4. HB 2613, , Preliminary Staff Measure Summary, Revenue and Fiscal statements, Martin-Mahar, 3 pages
5. HB 2614, , Preliminary Staff Measure Summary, Revenue and Fiscal statements, Martin-Mahar, 3 pages