

PUBLIC HEARING: HB 3057

WORK SESSION: SB 301 A-ENG.; HB 2159, HB 3537

TAPES 113 - 114 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

APRIL 3, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:45 arrived)

Representative Deborah Kafoury, Vice Chair (1:52 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Mark Hass

Representative Max Williams (1:47 arrived)

Representative Bill Witt

Members Excused: Representative Alan Brown

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Clark Seeley, State Department of Forestry

Pamela D. Konstantopoulos, State Board of Tax
Service Examiners

Susan Schneider, City of Portland

Mary Stephens, City of Portland

David Reid, Johnson Creek Watershed Council

TAPE 113, SIDE A

005 Chair Shetterly Meeting called to order at 1:42 p.m.

OPENED WORK SESSION ON HB 2159

017 Richard Yates Reviewed measure; noted Ways and Means have not finished the budgets for the Forestry State Department or Oregon State University. The three tax rates in the bill are blanks and the Ways and Means budgets are needed to determine the rates. (Exhibit 1)

028 Chair Shetterly The request is to move it with the blanks to Ways and Means and let them fill the blanks in to match the budget?

035 Yates Concurred. Noted that Rep. Beck had asked questions at the February 14 hearing that the Department of Forestry has provided a handout for. (Exhibit)

042 Clark Seeley Restated Rep. Beck's question from the February 14 hearing; provided handout addresses his question along with the Governor's Recommended Budget for 2001-03. (Exhibit 2)

070 Rep. Beck **MOTION: MOVED HB 2159 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND THE BILL BE REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS.**

079 **ROLL CALL VOTE: MOTION PASSED 7-0-2* (Tape 113, Side A, 222 — Kafoury votes aye. VOTE 8-0-1)**

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

REPRESENTATIVES EXCUSED: Brown, Kafoury

OPENED WORK SESSION ON HB 3537

092 Richard Yates Summarized the intent of the measure and (-1) amendments, (Reference 03/29/2001, Exhibit

9).

- 114 Rep. Beck Questioned what would happen if there was a downturn in the timber market; how would land values be adjusted under this measure.
- 118 Yates This measure would be more responsive than current law.
- 130 Rep. Beck The Department of Revenue would set land values?
- 131 Yates Concurred.
- 132 Rep. Beck If land values are set in response to a momentary drop in the market those values then become the new base and then the tax on that value could only increase 3% a year?
- 140 Yates Explained how the determination is made as to what goes on the tax role under current law and this measure.
- 160 Rep. Beck Spoke to concern about situations where the value would be dropped to respond to an immediate short-term change and then the market would recover quickly, but the base rate would have adjusted downward and be frozen.
- 183 Chair Shetterly Concurred with the analysis, but that is a consequence under Measure 50; this would treat this property the same as other real property under Measure 50. Won't there be a larger fluctuation in the timber prices rather than the property?
- 187 Yates That is true, based on the appraisal/valuation process.
- 200 Rep. Beck **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/28/2001 TO HB 3537 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**
- 207 Rep. Beck **MOTION: MOVED HB 3537 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION AND THE BILL BE REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS BY PRIOR REFERENCE.**

210

ROLL CALL VOTE: MOTION PASSED 8-0-3

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

REPRESENTATIVES EXCUSED: Brown,

***REOPENED WORK SESSION ON HB 2159**

222 Chair Shetterly

THE CHAIR REQUESTED UNANIMOUS CONSENT TO SUSPEND THE RULES TO REOPEN THE WORK SESSION ON HB 2159 FOR THE PURPOSE OF ALLOWING VICE CHAIR KAFOURY TO VOTE. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)

VICE CHAIR KAFOURY BEING EXCUSED WHEN THE ROLL WAS CALLED, WAS GRANTED UNANIMOUS CONSENT TO BE RECORDED AS VOTING AYE ON HB 2159.

OPENED WORK SESSION ON SB 301 A-ENG.

236 Paul Warner

Recapped concern regarding the language on Page 3, Lines 20-24 of the printed measure, as expressed at the work session on March 27; the (-A4) amendments were drafted to address that concern. (Exhibit 3)

259 Pamela
Konstantopoulos

Spoke in support of the (-A4) amendments. (Exhibit 3)

265 Chair Shetterly

MOTION: MOVED LC (-A4) AMENDMENTS DATED 04/03/2001 TO SB 301 A-ENG. BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)

270 Rep. Beck

MOTION: MOVED SB 301 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

278

ROLL CALL VOTE: MOTION PASSED 8-0-1

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

REPRESENTATIVES EXCUSED: Brown

Rep. Williams will carry the bill.

OPENED PUBLIC HEARING ON HB 3057

- 297 Lizbeth Martin- Provided a description of the measure and
Mahar discussed the background. (Exhibit 4)
- 377 Rep. Beck If a local government adopts this is the local
government required to grant it if a landowner
applies for the exemption and it meets stream
frontage criteria?
- 383 Martin-Mahar Once a local government adopts the ordinance
then the local government has to allow any
landowner that meets the criteria set forth by
the Oregon Department of Fish and Wildlife
(ODFW) the exemption.
- 389 Chair Shetterly This opens it for urban landowners to go
through the same designation process through
ODFW that currently exists for forest,
agricultural and range land, correct?
- 395 Martin-Mahar Concurred.
- 398 Susan Schneider Spoke in support of the measure.

TAPE 114, SIDE A

- 011 Mary Stephens Presented testimony in support of measure.
(Exhibit 5)
- LRO Staff Distributed testimony from Oregon
Department of Fish and Wildlife. (Exhibit 6)
- 051 Rep. Beck "Who determines how to value the
exemption?"
- 053 Stephens "The counties."
- 055 Rep. Beck "Is there a State standard or does each county
calculate differently?"
- 057 Stephens Explained formula.

065 Rep. Beck Explained that he is trying to determine if there are standard methodologies used statewide; referenced Measure 7.

080 Chair Shetterly Requested that ODFW come to speak about the criteria that they apply and what is required in the plans.

081 Stephens Reads ODFW eligibility criteria.

093 Chair Shetterly "Are there administrative rules governing the program?"

096 Stephens "I believe so."

098 Rep. Bates Read excerpt from the Background section of the Staff Measure Summary, Background section, (Page 1, Exhibit 4). Noted his concern that someone, who had in good faith had participated in this program, could not only lose it due to bureaucratic red tape, but could also owe back taxes. Is that a possibility?

111 Stephens "Protection is offered under the management plan established by ODFW."

125 Rep. Bates Spoke to past experiences with other programs where there has been disagreement between the landowners and the bureaucracy about what constituted a "good effort". "I don't have a problem with disqualifying from further tax exemptions, but I have problem going back five years."

131 Martin-Mahar "This is pretty standard language with almost all exemptions. There is a penalty if you change the use of something other than what the land originally qualified for."

133 Chair Shetterly This measure involved ODFW reviewing and passing on these applications, is there a number in the Fiscal statement quantifying that impact, (Page 3, Exhibit 4).

141 Schneider "Because this is a local option it is hard for the Legislative Fiscal Office (LFO) to know how many communities might take advantage of this."

147 Martin-Mahar Related conversations with John Fletcher, LFO; noted he has not seen the Revenue impact yet.

151 David Reid Spoke in support of the measure.

- 164 Chair Shetterly "How many watershed property owners in Multnomah County/City of Portland would avail themselves of this?"
- 172 Reid "It is hard to estimate, but several have already engaged in some sort of restoration program already."
- 195 Chair Shetterly Meeting adjourned at 2:24 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2159, Staff Measure Summary and Revenue Impact statement, Yates, 2 pages
2. HB 2159, Handout, Seeley, 1 page
3. SB 301, (-A4) amendment, (DJ/ps) 04/03/01, LRO Staff, 1 page
4. HB 3057, Staff Measure Summary, Revenue and Fiscal statements, Martin-Mahar, 3 pages
5. HB 3057, Testimony, Stephens, 2 pages
6. HB 3057, Testimony, ODFW, 2 pages