

PUBLIC HEARING: SB 763 A-ENG. HB 2329 A-ENG.

PUBLIC HEARING AND WORK SESSION: SB 684

WORK SESSION: HB 2934, HB 3173 A-ENG., HB 3640, HB 3770

TAPES 200 — 201 A/B

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MAY 30, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:42 arrived)

Representative Alan Bates

Representative Chris Beck (1:30 arrived)

Representative Alan Brown (1:30 arrived)

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:43 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Senator Lee Beyer, Legislative Senate
District 21

Bob Repine, Oregon Housing and Community Services

Janet Young, City of Beaverton

Rep. Jeff Kropf, Legislative House District 37

Bernie Bottomly, Tri-Met

Hasina Squires, Special Districts Association of Oregon/Oregon Fire District Directors Association

Steve Bosak, Tualatin Hills Park and Recreation District

Rob Carnahan, Clackamas Fire District No. 1

George Kiepke, Clatsop County

TAPE 200, SIDE A

008 Chair Shetterly Meeting called to order at 1:24 p.m.

OPENED PUBLIC HEARING ON SB 763 A-ENG.

017 Sen. Lee Beyer Presented testimony in support of measure.
(Exhibit 1)

LRO Staff Distributed submitted testimony for SB 763
from:

1. Neighborhood Preservation Committee submitted by Larry George. (Exhibit 2)
2. ORTEM, submitted by Craig Flynn. (Exhibit 3)
3. Neighborhoods Protective Association, Louise Weidlich. (Exhibit 4)
4. Senate Revenue Staff Measure Summary, Revenue and Fiscal Impact statements, LRO Staff. (Exhibit 5)

093 Bob Repine Spoke in support of the measure.

166 Janet Young Presented testimony in support of measure.
(Exhibit 6)

205 Rep. Bates "How do you square up increasing the burden on special taxing districts, but taking taxes away

from them to provide for the increase in need?"

- 221 Young Concurred, but spoke to accomplishing a goal in meeting an important community value and noted good working relationships with special districts.
- 234 Rep. Bates "Can an abatement be given for city taxes, but exclude special districts?"
- 243 Young No.
- 248 Rep. Bates This provides authority over other taxing districts that a city does not normally have.
- 251 Young This request is similar to other sort of exemptions in State law that already exist.

OPENED PUBLIC HEARING ON HB 2329 A-ENG.

- 274 Ed Waters Described what the measure does and provided background material. (Exhibit 8)
- 283 Rep. Jeff Kropf Spoke in support of the measure.
- 361 Chair Shetterly Noted the Revenue impact of \$5.9 million in the first biennium and \$15.3 in the next biennium and requested Rep. Kropf's comments, (Page 1, Exhibit 8)?
- 363 Rep. Kropf Was not aware that this had that sort of a Revenue impact.
- 365 Waters Discussed where his numbers for the Revenue impact were drawn from and his assumptions, (Page 1, Exhibit 8).
- 384 Rep. Kropf The numbers would need to be nailed down better before proceeding.
- Questions and discussion regarding the Revenue impact statement and what sorts of employment children hold.
- 392 Rep. Witt "At what point do minors have the option of having their income, from a tax standpoint, separate from joint filers or family income."
- 409 Waters "Can't not cite the exact rules, but a majority of support must come from their own resources rather than a parents or guardians."

TAPE 201, SIDE A

- 002 Rep. Witt "Minors file their own income tax return, how is the determination made as to who gets the

personal exemption credit or the standard deductions?"

Chair Shetterly Left at 1:51 p.m., passed gavel to Vice Chair Kafoury.

005 Waters "There is a rule as to what portion of living expenses are covered by the wage-earner as opposed to the wage-earners parents or guardians."

015 Rep. Witt Spoke of his concerns with the measure, as written and questioned if might be better to limit it to children of low-income families.

023 Rep. Kropf No, spoke to this measure being an incentive to the student worker regardless of parental income.

Chair Shetterly Returned at 1:52 p.m.; resumed gavel.

027 Rep. Witt "This applies only to minors who are in school full time, if a seventeen year old had to work and was not in school full time they would not qualify for the same tax exemption?"

030 Rep. Kropf Concurred.

033 Rep. Bates Spoke in support of the measure — has the Oregon Education Association been involved in this discussion.

043 Rep. Kropf No.

055 Rep. Witt Questions and discussion regarding:

1. What reason does Rep. Kropf have to believe that this measure would cause a student to stay in school full time.
2. How does this keep a parent who owns a business from shifting income to students to avoid taxation?

153 Rep. Bates Discussed federal tax law that prohibits shifting of income to avoid taxes.

ReOPENED PUBLIC HEARING ON SB 763 A-ENG.

173 Bernie Bottomly Presented testimony in support of measure. (Exhibit 7)

204 Rep. Witt "If this measure passes would taxes be shifted to other property owners; cited example of a general obligation bond?"

208 Bottomly "I don't know."

221 Rep. Witt "To the extent that you have the abatement of taxes for these kind of properties don't schools and special districts, counties and cities to raise the revenue they need will have to increase the rates on other types of properties?"

222 Bottomly "Rates would either have to increase or the taxing entity would need to deal with the shortfall."

225 Rep. Witt "What is the overriding public purpose to create an inequitable and discriminatory tax system?"

231 Bottomly "The Portland Metropolitan area is trying to implement the 20/40 plan for the region"; spoke to the objective of creating the greatest density of service within urban areas.

241 Rep. Witt Questions and discussion regarding whether the population in a given area wants more density.

250 Rep. Hass "Would the argument be that savings would result because there are less miles of pavement needed, less sewer pipe, etc.?"

277 Bottomly "That is the theory."

263 Rep. Hass Questioned Young if the same would apply to the City of Beaverton.

266 Young "That analysis has not been done, but that is the theory."

273 Vice Chair
Carlson The four cities that would be approved would be the ones that run along the mass transit line; so the offset that Rep. Witt referred to would be the \$142,750 applied across four major cities, correct, (Page 2, Exhibit 5)?

282 Martin-Mahar The Revenue Impact reflects the total amount of property taxes loss as well as the shift; spoke to the assumptions made in developing the Revenue Impact statement, (Page 2, Exhibit 5).

285 Vice Chair
Carlson "What percent would \$142,000 be out of the City of Beaverton's entire collection of property tax?"

291 Young "I can't answer that question, but the \$143,000 that I used is a cumulative number over ten years."

308 Hasina Squires Spoke in opposition to the measure.

TAPE 200, SIDE B

- 021 Steve Bosak Presented testimony in opposition to measure.
(Exhibit 10)
- 061 Rob Carnahan Presented testimony in opposition to measure.
(Exhibit 9)
- 124 Rep. Beck What happened on the Senate side, it passed the
full Senate with five nay votes?
- 130 Squires Spoke to Sen. Beyer's and her opposing
opinions — both understand where the other is
coming from, but had different objectives.
Special Districts Association and Oregon Fire
District Directors Association chose not to take
the measure up as a "floor fight" on the Senate
side, but address concerns if it moved on the
House side.
- 141 Rep. Beck "Amendments were not offered in the Senate?"
- 144 Squires "Amendments were offered on the Senate side."
- 145 Rep. Hass "Are there overall savings with higher density?"
- 154 Squires "For some taxing districts yes, for a Parks and
Recreations District or Fire District no."
Expanded on reasons why that argument does
not hold true for districts she represents.
- 162 Rep. Hass "Some of this is mandated by Metro in the
Portland area."
- 167 Squires "The difference is Metro is not mandating a
property tax exemption be given for higher
density housing and my associations believe a
current tool exists —urban renewal."
- 175 Vice Chair Spoke to surprise at the strong opposition and
Carlson questioned why and noted the number of
concessions made in the A-Engrossed measure.
- 198 Vice Chair Requested recap of discussion on the Senate side
Carlson when Squires' amendment was presented.
- 210 Squires Recapped Senate discussion.

OPENED WORK SESSION ON HB 3770

- 226 Rep. Tom Butler Presented testimony in support of measure and

the (-5) amendments, (Reference 05/29/2001, Exhibit 2); spoke to the revised Fiscal Impact statement. (Exhibit 11)

255 Rep. Beck **MOTION: MOVED LC (-5) AMENDMENTS DATED 05/29/2001 TO HB 3770 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**

259 Rep. Beck **MOTION: MOVED HB 3770 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

266 Rep. Beck Spoke in support of the motion.

274 Chair Shetterly Spoke in support of the motion.

278 Rep. Witt Spoke in support of the motion.

292 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Williams,

Rep. Butler will carry the bill.

OPENED PUBLIC HEARING ON SB 684

311 George Kiepke Presented testimony in support of measure and the (-3) amendments. (Exhibit 12)

325 Lizbeth Martin- Described the (-3) amendments. (Exhibits 12-
Mahar 13)

OPENED WORK SESSION ON SB 684

343 Rep. Beck **MOTION: MOVED LC (-3) AMENDMENTS DATED 05/30/2001 TO SB 684 BE ADOPTED.**

346 Rep. Witt Spoke in support of the motion.

358 Rep. Bates Spoke in support of the motion.

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

371 Rep. Beck **MOTION: MOVED SB 684 TO THE**

HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

377 Rep. Beck Spoke in support of the motion.

412 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Williams

Rep. Brown will carry the bill.

TAPE 201, SIDE B

OPENED WORK SESSION ON HB 3640

014 Vice Chair **MOTION: MOVED HB 3640 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
Kafoury

021 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Williams

Vice Chair Kafoury will carry the bill.

OPENED WORK SESSION ON HB 3173 A-ENG.

030 Vice Chair **MOTION: MOVED HB 3173 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
Kafoury

035 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Williams

Rep. Bates will carry the bill.

OPENED WORK SESSION ON HB 2934

LRO Staff

Distributed:

1. Fiscal Impact statement, LRO Staff.
(Exhibit 14)
2. Submitted testimony for HB 2934 from
City of Cannon Beach, Helen Westbrook.
(Exhibit 15)

045 Rep. Witt

**MOTION: MOVED HB 2934 TO THE
HOUSE FLOOR WITHOUT
RECOMMENDATION AS TO PASSAGE
AND THE BILL BE REFERRED TO THE
HOUSE COMMITTEE ON RULES,
REDISTRICTING AND PUBLIC AFFAIRS.**

050 Rep. Witt

Noted that the measure already has a subsequent
to Ways and Means Committee.

054

**ROLL CALL VOTE: MOTION PASSED 8-
0-1**

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

REPRESENTATIVES EXCUSED: Williams

055 Chair Shetterly

Meeting adjourned at 2:48 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 763, Testimony, Sen. Beyer, 1 page
2. SB 763, Submitted testimony, Flynn, 1 page
3. SB 763, Submitted testimony, George, 3 pages
4. SB 763, Submitted testimony, Weidlich, 6 pages
5. SB 763, Senate Revenue Staff Measure Summary, Revenue and Fiscal Impact statements, LRO
Staff, 3 pages
6. SB 763, Testimony, Young, 1 page
7. SB 763, Testimony, Bottomly, 1 page

8. HB 2329, House Committee on Business, Labor, and Consumer Affairs Staff Measure Summary, Revenue and Fiscal statements, Waters, 3 pages
9. SB 763, Testimony, Carnahan, 2 pages
10. SB 763, Testimony, Bosak, 1 page
11. HB 3770, Fiscal Impact statement, LRO Staff, 2 pages
12. SB 684, (-3) amendment, (DJ/ps) 05/30/01, LRO Staff, 2 pages
13. SB 684, (-3) Staff Measure Summary, Martin-Mahar, 1 page
14. HB 2934, Fiscal Impact statement, LRO Staff, 2 pages
15. HB 2934, Submitted testimony, Westbrook, 2 pages