

CONFERENCE COMMITTEE ON HB 3057

JULY 4, 2001 – 4:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Chris Beck
Representative Bill Witt
Senator Jason Atkinson
Senator Lee Beyer
Senator Steve Harper

Staff: Paul Warner, Legislative Revenue Officer
Lizbeth Martin-Mahar, Legislative Revenue Office
Carol Phillips, Committee Assistant

Invited Testimony: John Phillips, Department of Revenue

TAPE 1, SIDE A

005	Chair Shetterly	Meeting called to order at 4:03 p.m.
006	Lizbeth Martin-Mahar	Gave overview of HB 3057. (Exhibit 1.) Stated that the original bill as approved by the House: <ul style="list-style-type: none">• Allows land within boundaries of cities or urban growth areas to be designated as riparian land;• Provides a partial property tax exemption if cities and counties adopt ordinances permitting the designation;• Applies to tax years beginning July 1, 2002.
012	Martin-Mahar	Added that the Senate Rules Committee deleted the original bill and added a conflict amendment between HB 2272 and SB 67. This was necessary to retain income tax bracket indexing changes in HB 2272 if SB 67 becomes law.
019	Martin-Mahar	Discussed what the (-A3) amendments would do for the bill. <ul style="list-style-type: none">• Keeps the conflict amendment passed by the Senate.• Adds original provisions in HB 3057, and further adds two clarifying provisions.• Includes contents of HB 3405.
042	Rep. Beck	MOTION: MOVES THE (-A3) AMENDMENTS TO HB 3057-A BE ADOPTED.
049	Chair Shetterly	ORDER:

HEARING NO OBJECTION, THE (-A3) AMENDMENTS TO HB 3057 ARE ADOPTED.

- 050 Rep. Witt Discussed the (-A6) amendments. The (-A6)s incorporate provisions that were passed in HB 2278, but were not discussed in Senate Revenue. The (-A6)s address the issue of personal property tax returns and reduce the current statutory penalty from 100% of the tax due to 50% of the tax if a filer is 120 days late in filing.
- 060 Chair Shetterly Stated that from testimony offered during discussion in the House Revenue Committee, this provision was agreed to by county tax collectors and assessors.
- 070 Martin-Mahar Affirmed that this bill had been heard in the Senate Revenue Committee. When heard on the House side the Association of Oregon Counties had agreed to provisions of the bill. By the time the bill reached Senate Revenue, county tax collectors had expressed some concerns regarding lack of consistency, so the bill did not move out of committee. Questions and answers interspersed.
- 084 Rep. Witt Added that the bill was initially introduced at a 25% rate and lowered the penalty from 25% to 10% for returns filed 30 to 120 days late. Over 120 days late the penalty was reduced from 100% to 25%. After conversations with Associated Oregon Counties and securing their agreement not to oppose the bill, it was amended lowering the penalty from 100% to 50%. This was not opposed in House Revenue. New opposition appeared when the bill reached Senate Revenue. The 100% penalty imposed on late filers is extremely onerous. A penalty of that size encourages non-compliance to file at all.
- 108 Various General discussion regarding differences in House and Senate rules and procedures.
- 142 Rep. Witt As was presented in a previous hearing on this bill, said that the revenue impact is uncertain. Using 1999 county survey information and assuming an annual growth of 3% in personal property tax accounts, it is estimated that \$1.6 million per year will be reduced from property taxes statewide from the penalty tax rate changes. Pointed out that Associated Oregon Counties did not have a problem with provisions in this bill. Discussion, and questions and answers followed.
- 182 Sen. L. Beyer In answer to a question regarding how this bill was received in Senate Revenue, pointed out that the strongest objection came from Sen. Minnis, whose issue was tax evaders and not owners of small business who simply forgot to deal with the matter. Sen. Minnis had stated, from his perspective as a police officer, that if someone

was intentionally trying to violate the law, then they should pay 100% penalty.

- 209 John Phillips (invited by Chair to testify) Provided information from discussion of this bill in the Senate Revenue Committee. Testimony indicated that taxpayers will often not file a personal property tax return. In that event assessors will assume value, mail a tax statement, the taxpayer will pay it, and the same thing will happen year after year. In many cases the tax is actually less than what the taxpayer would pay if filing their own personal property tax return in a timely manner.
- 218 Paul Warner Stated that Sen. Beyer characterized the situation in Senate Revenue correctly regarding Sen. Minnis' concern about the deterrence effect. Sen. Minnis was concerned about reducing the penalty thereby reducing a deterrence factor for those people evading filing or intentionally paying late.
- 225 Sen. L. Beyer Suggested that members of this conference committee consult with Sen. Ferrioli before proceeding with action on this bill.
- 229 Chair Shetterly Recessed meeting from 4:20 p.m. to 4:25 p.m.
- 231 Rep. Witt MOTION:
MOVES THE (-A6) AMENDMENTS TO HB 3057 BE ADOPTED.
- 233 Chair Shetterly ORDER:
HEARING NO OBJECTION, THE CHAIR SO ORDERED.
- 234 Chair Shetterly MOTION:
MOVES THE HOUSE CONCUR IN THE SENATE AMENDMENTS DATED JUNE 25, AND THE BILL BE AMENDED BY THE (-A3) AND (-A6) AMENDMENTS AND BE REPASSED.
- 238 Chair Shetterly ORDER:
ROLL CALL VOTE: MOTION PASSES: 5 – 0 – 1
SENATORS VOTING AYE: ATKINSON, HARPER
SENATOR EXCUSED: L. BEYER
REPRESENTATIVES VOTING AYE: BECK, WITT, SHETTERLY
Sen. L. Beyer will carry the bill on the Senate Floor.
Rep. Beck will carry the bill on the House Floor.
- 248 Chair Shetterly Adjourned meeting at 4:26 p.m.

Submitted by,

Reviewed by,

Carol Phillips

Kim Taylor James

Exhibit Summary:

1. HB 3057, Martin-Mahar, Amendment Summary, 1 pp.
2. HB 3057-A, Rep. Beck, (-A3) amendments (DJ/ps) 7/2/01, 7 pp.
3. HB 3057-A, Rep. Witt, (-A5) amendments (DJ/ps) 7/4/01, 4 pp.
4. HB 3057-A, Rep. Witt, (-A6) amendments (DJ/ps) 7/4/01, 2 pp.
5. HB 3057-A, Martin-Mahar, Revenue Impact Statement, 1 pp.
6. HB 3057-A, Martin-Mahar, Staff Measure Summary, 1 pp.
7. HB 3057, Martin-Mahar, Staff Measure Summary, 1 pp.
8. HB 3057, Martin-Mahar, Revenue Impact Statement, 1 pp.
9. HB 3057, Martin-Mahar, Fiscal Impact Statement, 1 pp.