

PUBLIC HEARING:

HB 2207-A, HB 2670-A, HB 2778

TAPES 130-131, A/B

SENATE REVENUE COMMITTEE

May 7, 2001 — 8:10 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Members Excused: Senator Ted Ferrioli, Chair

Staff: Paul Warner, Legislative Revenue Officer

Lizabeth Martin-Mahar, Economist, Legislative
Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Gary Conkling, VoiceStream

Darrell Bell, Director of Taxes, AT&T Wireless

Gil Riddell, Association of Oregon Counties

Michelle Deister, League of Oregon Cities

Hasina Squires, Special Districts Association of
Oregon

Ginny Lang, Qwest

Brian DeLashmutt, Nextel

John Phillips, Department of Revenue

Joe Wolf, City Administrator, City of Myrtle Creek

TAPE 130, SIDE A

005 Vice Chair L. Beyer Meeting called to order at 8: 25 a.m.

012 Lizbeth Martin-Mahar Gave overview of HB 2778. The bill exempts the Federal Communications Commission (FCC) licenses for wireless companies from property taxation and applies to tax years beginning on or after July 1, 2001. Washington, California, Idaho, and Montana do not tax FCC licenses. Discussed Exhibits 4 and 5.

Questions and answers interspersed.

OPENED PUBLIC HEARING ON HB 2778

090 Gary Conkling Testified in support of HB 2778. Read Exhibit 6. Also, Exhibit 7.

Questions and answers interspersed.

141 Sen. Minnis Asked why this committee should consider a bill that would grant tax exemption to wireless companies, considering the ongoing issue discussed in the Judiciary Committee regarding wireless companies and their interference with 911 radio towers. On one hand is a group of people in emergency communications concerned about the fact wireless towers are built everywhere and the towers interfere with 911 communications, and on the other hand this bill would give those wireless companies a tax exemption. Asked why the legislature should do that.

153 Conkling Answered Sen. Minnis by stating it would be the correct tax policy to do so. Believes the two issues cited by Sen. Minnis are separable.

Questions and answers interspersed.

159 Darrell Bell Testified in support of HB 2778.

Questions and answers interspersed.

202 Conkling Believes the issue is to create a tax policy designed to facilitate a growing industry and one that generates new taxable investment in communities that generates local property tax revenues and state income tax revenues.

Questions and answers interspersed.

250 Bell Continued comments regarding the issue. Believes the bill addresses a tax policy fairness issue regarding FCC licenses that does not compare with other types of intangibles in other industries.

Questions and answers interspersed.

280 Conkling Stated that when a radio or television station is sold, one of the most valuable assets is the FCC license.

323 Gil Riddell Testified against HB 2778. Exhibit 8.

Questions and answers interspersed.

382 Michelle Deister Testified against HB 2778 because it negatively affects funding for city services such as public safety, sewer, water, libraries, and parks. Exhibit 9.

408 Hasina Squires Testified against HB 2778. Exhibit 10.

439 Ginny Lang Testified against HB 2778. Pointed out that cable television companies do not pay property

taxes on their intangible assets, yet they provide some kinds of telecommunications services with which Qwest and companies like it must directly compete. The disparate treatment within a class of taxpayers is something Qwest cannot understand.

TAPE 131, SIDE A

031 Brian DeLashmutt Testified against HB 2778. Pointed out that FCC licenses have not been fully taxed since 1996. Any revenue impact determined on 100% tax would be incorrect.

047 Martin-Mahar Said that FCC licenses would be coming back on the tax roll for 2001-02 not at settlement level but at their full value. The revenue figures are correct.

Questions and answers interspersed.

062 John Phillips Gave additional information regarding FCC licenses and how they used to be issued by auction or lottery. That has transitioned into a system where FCC licenses are sold.

078 Bell Added that most the problems with different treatment of different ways FCC licenses were acquired have been rectified. Reiterated that this bill addresses a fairness issue.

097 Phillips Stated Department of Revenue experts on this issue were not available for today's public hearing, but they will be for the next time HB 2778 is presented.

CLOSED PUBLIC HEARING ON HB 2778

OPENED PUBLIC HEARING ON HB 2670-A

108 Martin-Mahar Gave overview of HB 2670-A. This bill creates a property tax exemption for a nonprofit corporation that leases land from a municipality

and uses the land both as a golf course and for the discharge of wastewater or sewage effluent. It allows any unpaid property taxes and interest due be waived beginning on or after July 1, 1998, and the property tax exemption ends in tax year 2020-21. This bill specifically benefits the Myrtle Creek Golf Course in Douglas County.

172 Joe Wolf Testified in support of the bill. Traced the history of when and how the land was acquired to become a golf course and how the tax exemption will benefit the city and the golf course. Myrtle Creek Golf Course is a main attraction in the area. It does what it was designed to do.

Further discussion, and questions and answers interspersed.

294 Riddell Emphasized this is a local option matter for all affected local taxing districts, and they have all agreed on the issue.

CLOSED PUBLIC HEARING ON HB 2670-A

OPENED PUBLIC HEARING ON HB 2207-A

309 Martin-Mahar Gave overview of HB 2207-A. This bill allows an appeal of a penalty for failing to file a real, combined, or personal property tax return to the tax court if property has been omitted. It allows additional taxes to be paid prior to the completion of the following year's property tax roll. It specifies that taxpayers can pay the additional taxes without interest, if the additional taxes are paid prior to the 16th of the month next following the date the notice is sent to the taxpayer. It provides a discount for additional taxes paid early.

341 Phillips Testified in support of HB 2207-A. Exhibit 19. The Department of Revenue brought this bill and the (-A2) amendments. The bill is a taxpayer simplification measure.

Extensive discussion, and questions and answers interspersed.

TAPE 130, SIDE B

030 Phillips Discussed the (-A2) amendments.
Questions and answers interspersed.

CLOSED PUBLIC HEARING ON HB 2207-A

090 Vice Chair L. Beyer Adjourned meeting at 9:25 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2778, Martin-Mahar, Staff Measure Summary, 1 pp.
2. HB 2778, Martin-Mahar, Revenue Impact Statement, 1 pp.
3. HB 2778, Martin-Mahar, Fiscal Impact Statement, 1 pp.
4. HB 2778, Martin-Mahar, FCC License Valuation by County Chart, 1 pp.
5. HB 2778, Martin-Mahar, Wireless Companies with FCC Licenses, 1 pp.
6. HB 2778, Conkling, Written testimony dated May 7, 2001, 2 pp.
7. HB 2778, Conkling, Written testimony dated May 7, 2001, 1 pp.
8. HB 2778, Riddell, Written testimony dated May 7, 2001, 2 pp.
9. HB 2778, Deister, Written testimony dated May 7, 2001, 1 pp.
10. HB 2778, Squires, Written testimony dated May 7, 2001, 1 pp.
11. HB 2670-A, Martin-Mahar, Staff Measure Summary, 1 pp.
12. HB 2670-A, Martin-Mahar, Revenue Impact Statement, 1 pp.
13. HB 2670-A, Martin-Mahar, Fiscal Impact Statement, 1 pp.
14. HB 2670-A, Rep. Morgan, Written testimony dated May 7, 2001, 4 pp.
15. HB 2207-A, Department of Revenue, (-A2) Amendments (DJ/ps) 4/19/01, 3 pp.
16. HB 2207-A, Martin-Mahar, Staff Measure Summary, 1 pp.
17. HB 2207-A, Martin-Mahar, Revenue Impact Statement, 1 pp.
18. HB 2207-A, Martin-Mahar, Fiscal Impact Statement, 1 pp.
19. HB 2207-A, Phillips, Written testimony dated May 2001, 4 pp.