

ORIENTATION

TAPES 008 - 009 A/B

HOUSE REVENUE COMMITTEE

JANUARY 19, 1999 ñ 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Jim Welsh

Rep. Max Williams

Absent: Rep. Bill Witt

Rep. Lane Shetterly

Staff: Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

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005	Chair Strobeck	Opened meeting at 8:30 a.m. Will schedule all meetings at 8:30 a.m. until further notice.
017	Dick Yates	Directed members' attention to Highway Taxes, a research report (EXHIBIT A). This will become part of LRO's updated tax packet.
041	Yates	Resumed slide presentation on highway taxes (See "Financing Roads", EXHIBIT A , January 18, 1999). Registration Fees (graph) ñ Notice shift in registration fees at 26,000 pounds.

Fee Per Mile (graph 1)

Fee Per Mile (graph 2)

066	Yates	Fuel Tax Rates: Vehicle Under 26,000 pounds
073	Yates	Miles Per Gallon: Controversy concerning manufacturers being required to deliver less efficient engines that don't pollute.
092	Yates	Tax Per Mile Weight-Mile Tax Rates ñ More axles per vehicle reduces cost per mile
108	Yates	Cost Responsibility: <ul style="list-style-type: none">• Cost Allocators• The Allocation Process
139		Travel By Class: 1996
142	Yates	Truck Travel: Vehicles over 80,000 pounds comprise 46% of heavy vehicle travel. Over 104,000 pounds is 8%. Questions and discussion.
160	Yates	VMT Over 26,000 Pounds: Three views of one bar graph. Questions and discussion.
230	Yates	PCE Weights: Factors determining weights.
255	Yates	Example PCE Values: Includes weighted vehicles on interstate, primary, secondary, and local roads. As weight increases, passenger car equivalent increases.
281	Yates	ESAL Weights: Designed to relate axle loads to stress on the pavement and other structures.

280	Yates	ESALís and Axle Loads: Single axle curve. Relates stress to breakdown of the pavement. In new study, moving away from ESALís toward a new technique. This is why heavy vehicles equate to heavy costs.
315	Yates	ESALís and Axle Load (second slide): Compares single axle with double and triple axles.
325	Yates	ESALís: Light vs. Heavy Light (VMT = 30.7 billion) Heavy (VMT = 1 billion) Stress Ratio: 6000 to 1, comparing stress on pavement from heavy vehicles to light vehicles
370	Yates	ESALís: Tractor-Trailer Compared stress to road by tandem (double) axle vehicle with that of tridem. Stress decreases considerably with increased axles.
396	Yates	Heavy Vehicle Share ñ graphic distribution for various types of roads
426	Yates	Pavement Cost Allocation: Flexible Pavement on Rural Interstate <ul style="list-style-type: none"> • Modernization (building a new road, lane, or access) • Preservation (rehabilitation to existing structure) • Maintenance (overlay, patches)

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012	Yates	Modernization: 56-57% of modernization is allocated to ESALís, based on stress. Preservation: 75% allocated to heavy vehicles Maintenance: 80% allocated to heavy vehicles
037	All	Questions and discussion concerning weight-mile taxes, cost responsibility, ruts on roads, studded tires.
077	Yates	Graphic: Cross-section of a lane of freeway, divided vertically and horizontally. Lanes are being built 12 feet instead of 11 feet due to wide, heavy vehicles. Cost for extra foot is

allocated to heavy vehicles.

123	Yates	Structures On Rural Interstate: <ul style="list-style-type: none">• New, rural secondary• Maintenance, rural interstate
162	Yates	Allocation By Work Category: Costs allocated to all vehicles Direct by Class: Costs allocated for light and heavy vehicles (light vehicles includes studded tires)
200	Yates	State Comparisons (Direct Highway Taxes on Typical Vehicles): Ranks Oregon taxes with other states. Compares effects in Oregon on weight mile tax and fuel tax.
272	Yates	State Comparisons (Total Taxes on Typical Vehicles) Questions and discussion on fuel tax and weight mile tax in heavy vehicles.
361	Rep. Witt	How many states belong to IFTA (International Fuel Tax Agreements)? How do they deal with discrepancy (of cost responsibility) that would result if they went to a straight fuel tax?
365	Yates	Federal government requires all states be members. They deal with discrepancy in various ways, primarily through registration fees. This is opposite in Oregon, where registration fees are very small relative to weight-mile tax.
416	Rep. Witt	Follow-up questions per combination of registration fees and diesel fuel taxes.
425	Yates	Committee will have to deal with this question, whether to replace weight-mile tax with diesel fuel tax.

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060	Rep. Welsh	Questions concerning "Allocation by Work Category" slide, Directed by Class6Other.
080	Rep. Merkley	Asked, how often are cost studies done, follow-up questions.

082	Yates	Every biennium.
095	Yates	Shifted to topic of timber taxes. Directed members' attention to Timber Taxation research report (EXHIBIT B) : Timber Tax Collections Oregon Timber Harvest Average Timber Prices
155	Yates	Directed members' attention to Taxation of Forest Property slide show (EXHIBIT C) : Forest Land (pie chart) Timber Land (pie chart)
175	Yates	Private Timber Land Ownership: Objective is to classify lands (site classes) in terms of its ability to grow trees. Division between industrial and non-industrial. Most of best land is industrial-owned.
200	Yates	Forest Land Base (Thousands of Acres): public and private lands, dominance of industrial over non-industrial lands
215	Yates	Private Timber Land
225	Yates	1996 Harvest: Industry cuts 63% of total harvest
236	Yates	Harvest History (Millions of Board Feet): Private, federal, other
247	Yates	1996 Western Harvest: Dominant species cut is Douglas Fir, 73%. Total cut, 2,760 billion board feet
260	Yates	Revenue Sources i Privately Owned Land i Publicly Owned Land i All Lands

290	Yates	Timber Revenue 1995-96: Federal 61%
310	Yates	1995-96 Timber Revenue: 61% comes off federal lands, most goes back to local governments
315	Yates	<p>Federal Lands:</p> <ul style="list-style-type: none"> ĩ Forest Service ĩ Bureau of Land Management
360	Yates	Federal Forest Revenue
370	Yates	<p>State Managed Lands</p> <ul style="list-style-type: none"> ĩ Common School Land ĩ County Trust Lands ñ 1930is lots of property deeded back to counties because people couldnit afford to pay their property taxes. Lot of this involved Tillamook burn. Counties hold them in trust, have been keeping more and more. Discussed school tax rate changes after Measure 50.
448	Yates	<p>State Timber Sales: County trust lands dominate.</p> <p>Questions and discussion interspersed concerning trend of management plans.</p>

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054	Yates	<p>Private Timber Taxes</p> <p>Questions and discussion interspersed.</p>
091	Yates	<p>1996-97 Tax Rates: Property, Privilege, and Forest Products taxes</p> <p>Data is from before Measure 50.</p> <p>Questions and discussion interspersed concerning privilege tax, severance tax, land tax, harvest tax.</p>
190	Staff	Entered the following exhibits into the record:

- D. Orientation, Martin-Mahar, Oregon Intangible Exemption Statutes, 7 pp.
- E. Orientation, Martin-Mahar, Special Report/Viewpoint: Exclusion of Intangibles from the Unit Value, 16 pp.
- F. Orientation, Martin-Mahar, Contesting the Inclusion of Business Value in the Assessment of Real Property, 8 pp.
- G. Orientation, Martin-Mahar, Choice of Methodology in Determining Whether the Value of Intangible Property Is Included in Assessments, 4 pp.
- H. Orientation, Martin-Mahar, Extracting the Value of Intangible Assets from the Unit Assessment Method, 7 pp.
- I. Orientation, Martin-Mahar, Special Report/Viewpoint: Taxation of Telecommunications: A Review of the States, 20 pp.

193 Vice Chair Rasmussen Adjourned meeting at 10:05 a.m.

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Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

- A. Orientation, Yates, Highway Taxes, 3 pp.
- B. Orientation, Yates, Timber Taxation, 4 pp.
- C. Orientation, Yates, Taxation of Forest Property, 21 pp.
- D. Orientation, Martin-Mahar, Oregon Intangible Exemption Statutes, 7 pp.
- E. Orientation, Martin-Mahar, Special Report/Viewpoint: Exclusion of Intangibles from the Unit Value, 16 pp.
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