

## HOUSE REVENUE COMMITTEE

FEBRUARY 3, 1999 ñ 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Max Williams

Rep. Bill Witt

Members Absent: Rep. Welsh

Rep. Shetterly

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: George Trahern, Oregon State Assessors Assoc.

Jim Manary, Oregon Department of Revenue

Sandy Flicker, Oregon Rural Electric Cooperative Assoc.

### **TAPE 029, SIDE A**

**PUBLIC HEARING n HB 2041**

- 010 Lizbeth Martin-Mahar Described HB 2041. Changes the appeal process for gross errors of 20% or more of the assessed value to 20% or more of the real market value. See revenue impact statement, which applies to tax years beginning on or after July 1, 1999 (**EXHIBIT 1**). Distributed fiscal impact statement. (**EXHIBIT 2**)
- 032 George Trahern Oregon State Assessors Association introduced bill because assessed value is currently based on 90% of 1995 value plus 3%. Public cannot identify with this to measure whether there is a major error. Most people can understand real market value. Affects residential property only.
- 052 Vice Chair Rasmussen Why is 20% of assessed value not easily met?
- 055 Martin-Mahar Assessed value has a formula that is growing, below real market value. Real Market Value is subject to a lot of errors because assessors no longer reappraise properties every six years.
- 071 Chair Strobeck Asked whether this issue is a result of Measure 50.
- 073 Trahern In a way, it is.
- 085 Rep. Merkley Referred to revised sentence: difference between value of property and real market value. What value does this mean?
- 088 Trahern Value that the property owner thinks it is worth. Discussion and questions concerning language in bill.
- 135 Trahern Noted, 20% figure was for the purpose of cutting down on frivolous appeals. These appeals are not common.
- 165 Chair Strobeck Closed public hearing on HB 2041. Opened work session on HB 2041.

**WORK SESSION n HB 2041**

- 167 Vice Chair Rasmussen **MOTION: MOVED HB 2041 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

168 Chair Strobeck **MOTION ADOPTED BY UANAIMOUS CONSENT OF MEMBERS PRESENT: REPS. KAFOURY, MERKLEY, ROSENBAUM, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK.**

**MEMBERS ABSENT: REPS. SHETTERLY, WELSH.**

**VICE CHAIR RASMUSSEN WILL CARRY THE BILL.**

**(For Rep. Shetterly's vote, go to tape 029/B, meter # 048.)**

180 Chair Strobeck Closed work session on HB 2041. Opened public hearing on HB 2124.

**PUBLIC HEARING ñ HB 2124**

181 Lizbeth Martin-Mahar Reviewed HB 2124 (**EXHIBIT 3**). Imposes on personal property tax filers, a penalty equivalent to 100% of the tax attributable to the taxable personal property if the taxpayer fails to file. This was left out when the statute was revised. Adds clause to waive penalty if appellant has sufficient reason to file late.

206 Jim Manary Referred to HB 2124 Summary (**EXHIBIT 4**). See bill, Section 1: Penalty: Personal Property Return Non-filer ñ page 1, lines 15-17. Lines 21-30 add a provision for waiver for real and combined returns.

237 Manary Page 2, Section 6: Deadline for Completion of County Ratio Studies  
Gives flexibility on due date.

265 Chair Strobeck Asked for clarification of the relationship between appeals and ratio study.

271 Manary These are two separate issues.

330 Rep. Witt Questioned the reason for the 100% penalty.

385 Trahern Explained, previous penalty was \$1.00 per \$1,000 with maximum of \$250. This figure had not changed since 1970s.

399 Rep. Witt Paragraph 6 states a case cannot be appealed unless it is filed in a timely manner. Asked for clarification of "reason of good and sufficient cause."

**TAPE 030, SIDE A**

- 020 Rep. Witt Continued questions concerning 100% penalty, timely filing.
- 053 Manary Concerning personal property tax penalty, referred to HB 2124, page 1, lines 10-11.  
Penalties graduate: 5%-25%-100%
- 082 Rep. Witt This 100% creates greater incentive for noncompliance. Has this been the case in the past?
- 092 Trahern No, this is the first cycle of this type of penalty.
- 118 Rep. Witt Are there any statistics on percentage of property tax noncompliance?
- 122 Manary Will check.
- 135 Rep. Witt 100% penalty is way too heavy and would discourage honest people who might otherwise have complied to not pay.
- 132 Chair Strobeck Asked revenue staff to research Measure 50 in regard to 100% level. The individuals targeted are not people who make honest mistakes, they are serious noncompliers who would flee with their belongings in the middle of the night.
- 177 Chair Strobeck Closed public hearing on HB 2124. Opened public hearing on HB 2125.

**PUBLIC HEARING n HB 2125**

- 185 Lizbeth Martin-Mahar Updates terms for railcar transportation, private railcar companies and communication companies. See Revenue Impact of Proposed Legislation (**EXHIBIT 5**).
- 200 Jim Manary Referred to HB 2125 Summary (**EXHIBIT 6**). Bill deals with centrally assessed property.

- 237 Manary Sections 1-2, Utility Assessments: Modernize references  
Changes, updates language.  
Page 2, section 2: Deals with filing deadlines.
- 254 Manary Sections 3-4, Private Railcar Assessment: Apply to All Railcar Companies. Streamlines billing method.
- 343 Manary Sections 5-6, Director's Review of Utility Assessment Roll: Extended Timeline. Deals with appeals process, extends timeline two weeks.
- 373 Manary Section 9, Electric Co-ops: Change Interest Calculation  
Changes language to reflect the way interest is charged in Department. Party one day late would pay one day of interest rather than one month as occurs now.
- 420 Rep. Merkley Are all rail companies, regardless of size, centrally assessed? Yes. Why would billing change distribution between counties?
- 435 Manary Department values railroad, Oregon's portion is distributed among counties that the railroad runs through. Counties apply local tax rates. This program allows Department to collect money and distribute it to counties.

**TAPE 029, SIDE B**

- 030 Sandy Flicker Spoke in support of HB 2125, Section 9. This is more equitable treatment.
- 043 Vice Chair Rasmussen Closed public hearing on HB 2125, called recess at 9:30 a.m.
- 045 Chair Strobeck Reopened meeting at 9:42 a.m. Reopened work session for HB 2041.
- 048 **VOTE**  
**REP. SHETTERLY, BEING ABSENT WHEN THE VOTE TO MOVE HB 2041 TO THE FLOOR WITH A DO PASS RECOMMENDATION WAS TAKEN, REQUESTED PERMISSION TO BE RECORDED AS VOTING AYE. REQUEST GRANTED BY UNANIMOUS CONSENT.**  
**(See Tape 29-A, meter # 167)**
- 050 Chair Strobeck Committee will re-hear HB 2125 with amendments. Wants background on HB 2124 concerning the reasons for the 100% penalty. Reps. Witt and Merkley will prepare an amendment with a 50% penalty.

Adjourned meeting at 9:44 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2041, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
2. HB 2041, Martin-Mahar, No Fiscal Impact statement, 1 p.
3. HB 2124, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
4. HB 2124, Manary, HB 2124 Summary, 1 p.
5. HB 2125, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
6. HB 2125, Manary, HB2125 Summary, 2 pp.