

**PUBLIC HEARING & WORK SESSION:**

**HB 2043, HB 2044, HB 2045**

**TAPES 031 ñ 32 A**

**HOUSE REVENUE COMMITTEE**

**FEBRUARY 4, 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. Lane Shetterly

Rep. Jim Welsh

Rep. Bill Witt

Members Absent: Rep. Max Williams

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: George Trahern, Oregon State County Assessors Assoc.

Diane Belt, Oregon Assoc. of County Tax Collectors

**TAPE 031, SIDE A**

007 Chair Strobeck

Called meeting to order at 8:33 a.m. Opened public hearing on HB 2043.

**PUBLIC HEARING n HB 2043**

- |     |                      |   |
|-----|----------------------|---|
| 015 | Lizbeth Martin-Mahar | Allows maximum assessed value to be adjusted for a portion of the property that is removed or destroyed in a given assessment year. Measure would apply on or after July 1, 1999. Revenue impact would be minimal ( <b>EXHIBIT 1</b> ). Distributed fiscal impact statement. ( <b>EXHIBIT 2</b> )   |
| 039 | George Trahern       | Spoke in support of the measure. Bill addresses a problem that is unfair to property owners when a building is removed or destroyed. There is no mechanism to remove or reduce maximum assessed value (MAV) of the property.  |
| 061 | Vice Chair Rasmussen | Summarized, if a building has been damaged or destroyed, tax assessors don't touch the MAV, even though the real market value (RMV) falls below it?   |
| 069 | Trahern              | Correct. What happens is, when property owners add a new building, the property is often assessed on RMV. Gave example.   |
| 102 | Rep. Shetterly       | Two things happen in the case of destruction of property n decrease in value because of loss of improvement, and rebuilding. This bill only addresses the decrease in value.  |
| 113 | Chair Strobeck       | Does this mean there was no way in the Measure 50 implementation language to revalue a property if the building on it was destroyed or damaged?   |
| 116 | Trahern              | <p>It is revalued as far as RMV, but no way to reduce MAV. The MAV cannot exceed RMV. But if RMV drops below MAV, that becomes the assessed value. The property gets some reduction, but when a new building is built, the property will still be taxed at RMV level. Problem occurs when building is replaced in a different year.</p> <p>Discussion and questions interspersed.</p> |
| 142 | Rep. Witt            | Summarized, if we don't make provision, property owners will not get the benefit of Measure 50.   |
| 157 | Martin-Mahar         | If owners are taxed on RMV, value could grow faster than 3% per year.   |
| 171 | Rep. Shetterly       | Has no objection to this provision, but was under the impression that committee dealt with this in 1997.  |

196 Trahern When property owner builds a new structure, new MAV would be based on old MAV plus the value of the new addition of the property. Calculation is the same as new property added.

213 Chair Strobeck Closed public hearing on HB 2043. Opened work session on HB 2043.

**WORK SESSION n HB 2043**

214 Vice Chair Rasmussen **MOTION: MOVED HB 2043 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

Chair Strobeck **ASKED FOR ANY OBJECTIONS TO MOVING HB 2043 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**

**MEMBERS PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK**

**REP. WITT WILL CARRY THE BILL.**

223 Chair Strobeck Closed work session on HB 2043. Opened public hearing on HB 2044.

**PUBLIC HEARING n HB 2044**

225 Lizbeth Martin-Mahar Cancels the taxes imposed in the current year if the assessed value does not consider damaged or destroyed property Allows assessment date to be changed from January 1 to July 1. Revenue impact is minimal **(EXHIBIT 3)**. Distributed fiscal impact statement. **(EXHIBIT 4)**

254 George Trahern Spoke in support of the measure. Anomaly that occurred due to M50 implementation. State can revalue the property as of July 1 to adjust for a building that was destroyed.

303 Rep. Shetterly Recalls voting for this adjustment in 1997. Will vote for it again.

308 Trahern Definition of damaged or destroyed property includes natural disasters, fires, etc.

322 Chair Strobeck Closed public hearing on HB 2044. Opened work session on HB 2044.

**WORK SESSION n HB 2044**

324 Vice Chair Rasmussen **MOTION: MOVED HB 2044 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

329 Chair Strobeck **ASKED FOR ANY OBJECTIONS TO MOVING HB 2044 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**

**MEMBERS PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK**

**REP. ROSENBAUM WILL CARRY THE BILL.**

332 Chair Strobeck Closed work session on HB 2044. Opened public hearing on HB 2045.

**PUBLIC HEARING n HB 2045**

337 Lizbeth Martin-Mahar Changes the minimum amount of excessive property tax advance payment for sales of manufactured structures, real property plats and personal property. Revenue impact is minimal **(EXHIBIT 5)**. Distributed fiscal impact statement. **(EXHIBIT 6)**

386 Diane Belt See Washington County Oregon: HB 2045 **(EXHIBIT 7)**. Housekeeping bill, currently counties don't refund overpayments that are \$10 or less. Cost to process a refund is \$27.  
  
Bill also addresses issue of sending delinquent notices when balance is \$5 or less. Current law says counties don't have to send notices when cost is \$1 or less.

436 Rep. Witt Are these overpayments credited to the taxpayer's account for the next year? Why not? Why couldn't counties credit up to \$25 to taxpayer's accounts?

455 Belt This would open up the door for people who want to pay taxes years in advance. Law doesn't allow it. Computer systems, funding would have to be discussed with other counties.

464 Rep. Witt Is the purpose of this bill to save the \$27 to not have to process a refund?

473 Belt Yes, purpose is to save taxpayer dollars.

037	Rep. Witt	What would it cost county to note on the taxpayer's record that there was an overpayment?
043	Belt	Would have to ask other counties, since each county has a different computer system. In Washington County this is already done.
050	Rep. Welsh	What is involved in \$27 amount?
055	Belt	Entails research to be sure it is going to correct account. Most of these checks are returned to county as undeliverable. Counties research who made the payment, if it's over \$10 it is given back to proper party. Does not know of any county that would have this capability.
086	Rep. Welsh	Estimated that it would take 2-3 hours to do the work, this seems excessive.
090	Belt	Agreed, also there is the cost of printing checks.
114	Chair Strobeck	Closed public hearing on HB 2045. Opened work session on HB 2045.

**WORK SESSION, -- HB 2045**

114	Rep. Witt	County's purpose is good, to save counties money. However, one solution is to have counties keep record of overpayment and credit it to taxpayer. Could require refund for amounts under \$25.
139	Rep. Merkley	Likes Rep. Witt's idea. Might structure it so that counties could choose whether to use the \$10 limit or \$25.
142	Rep. Welsh	Supports Witt's proposed solution.
156	Rep. Shetterly	Supports bill. Problem is on credit end, there will be cases where there will be different taxpayers the following year. Not worth the money to have to track down the original taxpayer.
175	Belt	Counties are dealing with advanced payments on plats. Question is how to disperse the overpayment if an owner is gone. Would be costly to track down the person who made the payment. Is it fair to give the new owner the refund? Then get into income tax issues. In Washington County, this would occur in every manufactured home, every personal property account, and every plat.

203	Rep. Shetterly	Every account would have to be checked, this raises question of workload.
210	Rep. Witt	Asked if counties couldn't just put the information on the account of the proper taxpayer.
219	Belt	Account number never changes on a manufactured home. If it is sold, Dept. of Motor Vehicles sends counties information on new owner. If person can't be located, money is turned over to state treasurer.
268	Rep. Witt	If taxpayer still owns property, he should get the benefit of the windfall. It is normal business operating procedure to reflect a credit balance on their account. Discussion and questions interspersed.
306	Rep. Shetterly	Analogous to 1997 bill about burden of redeeming expired gift certificates.
317	Rep. Merkley	These classes of property are designed to change hands.
334	Rep. Kafoury	<b>MOTION TO MOVE HB 2045 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.</b>
342	Rep. Witt	More questions.
350	Belt	95% of manufactured structures changed owners from one year to the next.
390	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION PASSES 9-0-0</b>  <b>REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK</b>  <b>REP. SHETTERLY WILL CARRY THE BILL.</b>
403	Chair Strobeck	Adjourned meeting at 9:27 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2043, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
2. HB 2043, Martin-Mahar, Fiscal Analysis of Proposed Legislation, 1 p.
3. HB 2044, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
4. HB 2044, Martin-Mahar, Fiscal Analysis of Proposed Legislation, 1 p.
5. HB 2045, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
6. HB 2045, Martin-Mahar, Legislative Fiscal Office No Fiscal Impact Assessment, 1 p.
7. HB 2045, Belt, Washington County Oregon on HB 2045, 2 pp.