

PUBLIC HEARING & WORK SESSION: HB 2043,

HB 2044, HB 2045 (RE-PASSAGE);

PUBLIC HEARING: HB 2344, HB 2412 TAPES 036, 037 A/B

HOUSE REVENUE COMMITTEE

FEBRUARY 8, 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. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: James Hamrick, State Historic Presevation Office

Linda Dodson, Owner, Historic Lewisburg Hall

Mark Nelson, Oregon Historic Property Assoc.

Judson Parsons, Hollerest Corp., Medford

Patricia McAllister, Multnomah County

Rosalind Keeney, City of Albany

Kenneth J. Guzowski, Historic Preservation Program, Eugene

Deborah Gruenfeld, Portland Historic Landmarks Comm.

TAPE 036, SIDE A

005 Chair Strobeck Called meeting to order at 8:35 a.m. Opened public hearing on HB 2344.

PUBLIC HEARING ñ HB 2344

016 Lizbeth Martin-Mahar Reviewed HB 2344 ñ Changes the date when property can be classified and specially assessed as historic property from July 1, 2002 to the effective date of this 1999 act. Freezes assessed value at year application is approved. Commercial properties have option of a second 15-year period.

Would increase local property taxes (**EXHIBIT 1**). Distributed fiscal impact statement. (**EXHIBIT 2**)

095 Rep. Witt This is an example of a property tax break that the legislature wants to pass. It has impact on local governments because of equalization. It would cause tax shifting to those not receiving the tax break, and lower revenues for schools. Statute initially passed in 1975, value of break has been greatly diminished. Great majority of those receiving this tax break is in Multnomah County. Asked committee to determine whether this break justifies added taxes to others to make up for lost revenues.

127 James Hamrick Spoke in opposition to the measure. See Testimony, Oregon Parks and Recreation Department State Historic Preservation Office (**EXHIBIT 3**). See also notebook: Special Assessment of Historic Property (**EXHIBIT 4**). HB 2344 would accelerate the sunset of the historic preservation program.

162 Hamrick Gave brief background on program.

175 Hamrick Referred to Exhibit 4, Attachment # 1: program handbook.

Referred to back pocket of notebook, ORS 358.475.

212 Hamrick Referred to pie charts, Attachment # 2.

Referred to attachment 3, which shows locations of specially assessed properties by county.

Attachment 4, bar charts demonstrate there are more residential properties than commercial on the program.

255 Hamrick Contended that short-term and long-term benefits outweigh the costs.

Referred to Attachment 6, Economic Impact and Fiscal Analysis of Oregonís Special Assessment of Historic Properties executive summary.

Attachment 6: Economic Effects of Historic Preservation in Oregon (draft).

280	Hamrick	Both reports conclude that public costs will be recouped. They discuss livability issues, economic development and heritage tourism.
307	Harmick	Attachment 7: Oregon State Historic Preservation Office 1998 Legislative Report on Special Assessment of Historic Property Program
333	Hamrick	Gave concluding remarks. Asked committee to allow sunset date to stand. Invited questions.
354	Rep. Merkley	Asked questions concerning attachment 4 (frozen values).
375	Hamrick	Those are frozen values from the county. Historic Preservation tracks open house dates, issues statewide press release. 800 residential properties. Doesn't know if number of people per residence is tracked.
407	Rep. Merkley	Asked Hamrick to comment on how widely these visitations are resented.
409	Hamrick	Commented, he is aware of this.
429	Rep. Merkley	Continued questions concerning participation in visitations.
437	Hamrick	Continued comments.

TAPE 037, SIDE A

016	Rep. Rosenbaum	Asked, how do people find out about this program?
020	Hamrick	In recent years, upsurge in requests for listings by local governments in rural areas. Local governments generally advertise it. Also, preservation society does mailings.
070	Rep. Witt	Asked questions concerning percentage of properties and tax abatement is in Multnomah County. What percentage of properties and percentage of value reside in Multnomah County?

074	Martin-Mahar	Referred to page 32, Attachment 6. Will get accurate figures.
149	Rep. Witt	Is it safe to infer that 88% of tax break in Multnomah County goes to commercial properties?
157	Hamrick	Data is old. Will check to confirm figures.
181	Rep. Witt	Concerning Hamrick's claim that benefits outweigh the cost, what percentage of these rehabilitations would have been performed without benefit of this tax break?
186	Hamrick	Does not know.
226	Linda Dodson	<p>Spoke in opposition to the measure and distributed brochure on historic Lewisburg hall. (EXHIBITS 5-6)</p> <p>This bill would accelerate sunset of this program. Owns and operates historic Lewisburg Hall.</p> <p>Invested over \$250,000 in improvements.</p>
307	Dodson	<p>Page 2, listed work that needed to be done. Restoration took six years, opened in 1996 and they have hosted 300 events. Restoration is ongoing.</p> <p>Special assessment program does not only benefit rich folks. Participation in this program has been a big help to them.</p>
382	Rep. Witt	What is the benefit to you of this property tax break? Dollar value?
393	Dodson	<p>Getting it onto special assessment program at a low value froze their taxes. They have to plan financially to catch up for when it is assessed at a greater value. They continue to pour money into the project.</p> <p>They pay less than \$300/year. Doesn't know what program would save. Difference in assessed value is \$30,000.</p>
442	Rep. Merkley	Does she think it's reasonable that after 15 years this property will be assessed as a normal property would?
447	Dodson	Hopes so, depending on whether the business is successful.

TAPE 036, SIDE B

019	Rep. Merkley	Continued questioning, what about this bill do you most object to?
026	Dodson	The sunset date. Wants program to continue.
033	Mark Nelson	Spoke in opposition to the measure. In 1975 he was involved in passage of special assessment bill to preserve historic property. It has been the most successful program in the country due to its simplicity. Legislative changes have complicated it, but impact is still great.
081	Nelson	Will provide some recommended changes in near future.
093	Rep. Witt	In a typical commercial use of this program, what is the relationship between the tax break and the investment made into the property?
099	Nelson	Does not have that data. Gave examples of rehabilitations that would not have taken place without tax break.
123	Judson Parsons	Spoke in opposition to the measure. Asked committee to continue the special assessment program. Owns and manages two historic residential properties.
183	Rosalind Keeney	Spoke in opposition to the measure. City of Albany has three historic preservation districts, two residential and one commercial. Has seen many improvements in residential districts. Improvement and stabilization of neighborhoods. Program isn't for everyone, it has to be a motivated person. Many are first-time property owners.
286	Keeney	In Albany, the realtors advertise the program as an incentive to buy an old home. The only properties that can requalify are commercial.
295	Keeney	Some people have already gone off the program, but there are still properties that would qualify. One district still needs a lot of work. Discussion and questions interspersed.
376	Kenneth Guzowski	Spoke in opposition to the measure. See Testimony City of Eugene (EXHIBIT 7) verbatim. Request committee to allow sunset date for Oregon Special Assessment Program to remain fixed.

442 Guzowski Testified in his own behalf as owner of historic home in Washburn District in Springfield. See Testimony House Revenue Committee, HB 2344 (**EXHIBIT 8**) verbatim. He has invested over \$85,000 to rehabilitate this property. Rehabilitation encourages neighbors to do improvements.

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TAPE 037, SIDE B

046 Rep. Witt How much tax does he save annually?

050 Guzowski About \$800 per year.

Frozen value is \$38,000, currently appraised at \$135,000.

069 Deborah Gruenfeld Spoke in opposition to the measure. See testimony (**EXHIBIT 9**). Her property is specially assessed, they purchased it in 1984 for \$55,000. Current value is \$250,000. Written testimony (did not pass anything out). Normally opens property to house tours on Mothers Day, has had between 20 and 30 visitors. Publicity last few years has decreased. She is trying to raise public awareness.

118 Patricia McAllister Spoke in opposition to the measure. Described her house, built in 1866, its previous state and its present state. Described work done on the house. Estimated cost to rehabilitate the house is \$138,560. They did much of the work themselves. House was valued at \$8,400 when they acquired it. This year house and property are valued at \$163,400.

169 McAllister This is their home, it is not just an investment. They have an annual open house with 20-50 guests.

Showed photos of house before and after (no exhibit).

212 Rep. Witt Would she have purchased house without the tax break?

215 McAllister Was not aware of tax incentive until after they purchased it.

Other neighbors have improved their homes because of her efforts. Hers is the only property that is eligible for the tax break.

More questions and discussion.

270 Chair Strobeck Distributed information from Forest Grove Historic Landmarks Board. (**EXHIBIT 10**)

278 Chair Strobeck Closed public hearing on HB 2344. Opened public hearing on HB 2043, HB 2044, HB 2045. Read the following statement:

"Although HB 2043, 2044 and 2045 were recorded in the daily schedule within the 36 hour rule requirement for our meeting last Thursday ñ they were not posted in front of the House Chamber as required by House Rules.

I, Therefore, rule that the action taken by the committee reporting the measures to the floor during Thursday's meeting invalid and we will consider the measures again today."

Opened work session on HB 2043.

WORK SESSION ñ HB 2043

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

294 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.

296 Chair Strobeck Closed work session on HB 2043. Opened work session on HB 2044.

WORK SESSION ñ HB 2044

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

302 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.

305 Chair Strobeck Closed work session on HB 2044. Opened work session on HB 2045.

WORK SESSION n HB 2045

- 306 Rep. Kafoury **MOTION TO MOVE HB 2045 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 342 Chair Strobeck **ASKED FOR ANY OBJECTIONS TO MOVING HB 2045 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. SHETTERLY WILL CARRY THE BILL.**
- 315 Chair Strobeck Closed work session on HB 2045. Opened public hearing on HB 2412.

PUBLIC HEARING n HOUSE BILL 2412

- 320 Lizbeth Martin-Mahar Reviewed HB 2412. See Revenue Impact of Proposed Legislation (**EXHIBIT 11**). Changes the assessed value threshold that must be exceeded in order for personal property to be subject to ad valorem taxation from \$10,000 to \$_____.
- 364 Martin-Mahar Discussed estimated revenue impacts with various tax rates.
- 420 Chair Strobeck Adjourned meeting at 10:25 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2344, Martin-Mahar, Revenue Impact of Proposed Legislation, 2 pp.
2. HB 2344, Martin-Mahar, Legislative Fiscal Office no impact statement, 1 p.
3. HB 2344, Hamrick, Testimony: Oregon Parks & Recreation Department, State Historic Preservation Office, 35 pp.
4. HB 2344, Hamrick, Notebook: Special Assessment of Historic Property, 106 pp.

5. HB 2344, Dodson, Testimony, Lewisburg Hall & Warehouse Co/Mountain View Grange #429 by Linda Dodson, Proprietor, Benton County, Corvallis, Orl, 3 pp.
6. HB 2344, Dodson, Brochure, Historic Lewisburg Hall, Traditional Community Gathering Place, 2 pp.
7. HB 2344, Guzowski, Testimony, City of Eugene, 1 p.
8. HB 2344, Guzowski, Testimony, Kenneth J. Guzowski, 2 pp.
9. Gruenfeld, Deborah Gruenfeld, 1602 S.E. Ladd Avenue, Portland, Oregon, 97214, Testimony on HB 2344, 2 pp.
10. HB 2344, Strobeck, Forest Grove, from Martha Khoury, Forest Grove Historic Landmarks Board, 1 p.
11. HB 2412, Martin-Mahar, Revenue Impact of Proposed Legislation, 2 pp.