

**INFORMATIONAL MEETING: DIVISION OF STATE LANDS**

**PUBLIC HEARING & WORK SESSION: HB 2129, HB 596**

**TAPES 092, 093 A/B**

**HOUSE REVENUE COMMITTEE**

---

**MARCH 17, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

---

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Deborah Kafoury

Members Excused: Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Paul Cleary, Division of State Lands

Rep. Al King, District 44

Fred Van Natta, Oregon Building Industry Association

Barbara Kanz, Oregon Title Insurance Company

Eugene E. Feltz, Portland Attorney

Jim Manary, Oregon Department of Revenue

Dexter Johnson, Legislative Counsel

Lynn McNamara, League of Oregon Cities

Gary Conkling, Oregon Wine Growers Association

**TAPE 092, SIDE A**

007 Chair Strobeck Called meeting to order at 8:35 a.m.

**PUBLIC HEARING n HB 2129**

023 Fred Van Natta Spoke in opposition to the wording "calendar year" on page 10; line 21 of the bill. The Oregon Building Industry Association wants the existing language ("tax year") left in statute.

071 Barbara Kanz Spoke in opposition to the measure.

125 Rep. Shetterly Is it a matter of not making the change at all or is there compromise language that will accommodate all parties?

128 Kanz Recommended the current language in statute prevail.

129 Van Natta The Department of Revenue has not provided an answer as to why the change is justified.

138 Chair Strobeck Cited testimony presented by the Department of Revenue in the March 16 meeting, as to why the Department is requesting the change.

148 Discussion and questions as to whether the proposed language is necessary.

206 Eugene Feltz Spoke in opposition to the measure.

279 Rep. Shetterly Is the pending case referred to in the witness's testimony pre or post Measure 50?

284 Feltz Post Measure 50.

324 Jim Manary Responded to prior testimony. The Department of Revenue will talk with affected parties

to work out a solution, if it is best to leave the date at July 1 that is acceptable to the Department.

361 Discussion and questions interspersed.

378 Manary Spoke to unintended effects of B4 of the measure.

450 Discussion and questions interspersed.

#### **TAPE 093, SIDE A**

040 Manary Continued discussion on unintended effects of B4.

070 Feltz The law states the "maximum assessed value of property", not the "total maximum assessed value of property".

082 Chair Strobeck Explained the reasoning of the 1997 Committee.

117 Chair Strobeck Asked for discussion from the Committee regarding the concepts surrounding urban renewal in HB 2129 and what direction the Committee should proceed in, policy-wise?

137 Lynn McNamara League of Oregon Cities would appreciate more time to work through this section. The general consensus is that there should be some kind of sharing of compression between the urban renewal districts and the taxing districts. Trying to arrive at an approach that will be fair, and to assure there are no unintended consequences.

#### **INVITED TESTIMONY - COMMON SCHOOL FUND**

176 Rep. Al King Spoke to Common School Trust Fund and the make-up of the investment portfolio.

230 Paul Cleary Presented an overview of the Common School Fund. (EXHIBIT 1).

275 Cleary Continued with presentation, (Page 19, Exhibit 1).

432 Cleary Continued with presentation, (Page 22, Exhibit 1).

**TAPE 092, SIDE B**

058 Discussion and questions on Cleary testimony.

100 Continued with general discussion and questions on Cleary testimony.

**PUBLIC HEARING n SB 596**

159 Gary Conkling Presented testimony in support of measure. (Exhibit 2)

200 Richard Yates Reviewed SB 596 staff measure summary, which provides a mechanism for administrative appeal of the assessment of penalties and interest. Authorizes waiver of interest and penalties by Oregon Liquor Control Commission (OLCC) on finding that the taxpayer made a good faith effort to comply. (EXHIBIT 3)

213 Yates Of interest is the nature of the 100,000-gallon small winery exemption. If they make 1 gallon more, they pay a higher level of tax. This bill gives OLCC ability to deal with situations like this.

There is no revenue impact. (Exhibit 4)

Discussed fiscal impact statement. (Exhibit 5)

231 Yates Discussed table showing the penalties on beer and wine. (Exhibit 6)

238 Vice Chair Rasmussen Requested clarification on the exemption and the three-year statute of limitations, how does that work?

248 Conkling OLCC could not attempt to assess penalties and interest more than three-years backward.

278 Discussion and questions as to how the exemption works in conjunction with the statute of limitations. The intent of the language is to reference discovery only.

303 Chair Strobeck Requested clarification to language used on line 19 of the measure. Would "assess" more accurately convey what is trying to be achieved, as it pertains to the statute of limitations, than "collect"?

308	Conkling	Nothing prevents OLCC from levying penalties and interest; the measure is meant a tool for the Agency to make the penalty appropriate to the offense.
349		Discussion and questions pertaining to line 19 of the measure and whether more appropriate language might be "Except in the case of fraud, the commission may not collect assess any interest or penalty . . ."
365	Conkling	Section 2 was added to allow the Agency to deal with any outstanding issues or balances.
384	Chair Strobeck	Would the beer industry benefit from this measure also?
388	Conkling	Cannot speak for the malt beverage industry, as I am not aware of the issues faced by that industry. The industry is aware of the bill.
439	Rep. Williams	OLCC is in agreement with this measure?
442	Conkling	Karen Wallace from OLCC is here.

**WORK SESSION ON SB 596**

453	Rep. Welsh	MOTION: MOVED SB 596 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
463	Vice Chair Rasmussen	Should the wording in line 19 of the measure be "collect" or "assess", in terms of the three-year limitation. Am uncomfortable with the current language. Requested Legislative Counsel talk to this issue prior to a vote.

-

**TAPE 093, SIDE B**

030	Rep. Shetterly	Concurred with Vice Chair Rasmussen's request to have Legislative Counsel speak to the effect the language in line 19 of the measure.
045	Chair Strobeck	Committee recessed, pending Legislative Counsel's arrival.
		Committee reconvened.

048	Chair Strobeck	Described the question the Committee has regarding line 19 of SB 596. Would "assess" be a more appropriate word than "collect"?
051	Dexter Johnson	"Assessed" would be the more appropriate word if the idea were to cut-off the date on which OLCC can begin proceedings.
074	Rep. Welsh	WITHDREW MOTION TO PASS SB 596 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
060	Vice Chair Rasmussen	MOTION: BY CONCEPTUAL AMENDMENT ON LINE 19, PAGE 1 OF SB 596, THE WORD "COLLECT" BE CHANGED TO "ASSESS". HEARING NO OBJECTION, THE CHAIR SO ORDERED.
077	Rep. Welsh	MOTION: MOVED SB 596, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
083	VOTE	<p>ROLL CALL VOTE: MOTION PASSES 8-0-1</p> <p>REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK</p> <p>REPRESENTATIVES EXCUSED: WITT</p> <p>REP. WELSH WILL CARRY THE BILL.</p>
093	Chair Strobeck	Adjourned meeting at 10:05 a.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational, Cleary, Common School Fund briefing, 25 pages

2. SB 596, Conkling, Written testimony, 2 pages
3. SB 596, Yates, House staff measure summary, 1 page
4. SB 596, Yates, Revenue impact statement, 1 page
5. SB 596, Yates, Fiscal impact statement, 1 page
6. SB 596, Yates, Table, 1 page