

PUBLIC HEARING: HB 2299, HB 2300, HB 2190

PUBLIC HEARING & WORK SESSION: HB 2901

TAPES 131 A/B, 132 A

HOUSE REVENUE COMMITTEE

APRIL 14, 1999 @ 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

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Scot Sideras, Oregon Tax Court

Quintin Hess, Oregon Dept. of Transportation Fuels Tax Group

Dave Tyler, ODOT Financial Services Branch

Rep. Jane Lokan, District 25

Tom Ruedy, Clackamas

John Roach, Portland

Eugene Organ, Oregon Disabilities Commission

TAPE 131, SIDE A

008 Chair Strobeck Called meeting to order at 8:40 a.m. Opened public hearing on HB 2299, HB 2300.

PUBLIC HEARING n HB 2299, HB 2300

012 Scot Sideras Spoke in support of HB 2299. See written testimony (**EXHIBIT 1**). Gave brief history of Magistrate Division of Oregon Tax Court. Changes are relatively minor, but would make Division more efficient. Describes changes.

More substantial changes are Sections 4, 6, 8, 9, 10. Without changes, litigants would have to first file with Magistrate Division and would slow down the process.

064 Sideras Spoke in support of the HB 2300. See written testimony (**EXHIBIT 2**). Gives expanded appeal rights to a specific group of litigants--income taxpayers who do not promptly appeal the decisions of the Dept. of Revenue. Deals with people who do not respond to notices within 90 days. They might be afraid or might have moved or just forgot about it. Currently, tax court cannot hear appeal for these people. HB 2300 remedies this by giving two years to file. Federal government uses this procedure.

130 Rep. Merkley Questions concerning HB 2299, line 25. How are entry of the decision and notification of the party connected? Follow-up questions.

143 Sideras Magistrate Division has done best it can to make this clear with a "trigger date" at the bottom of the form. Concerning how long Magistrate has to make a decision, each case is flexible because litigants differ.

205 Sideras During calendar year 1998, 3200 appeals were filed. Largest case involved more than \$12 million in tax.

218 Chair Strobeck Closed public hearing on HB 2299, HB 2300. Opened public hearing on HB 2190.

PUBLIC HEARING n HB 2190

227 Richard Yates Reviewed Staff Measure Summary, HB 2190 (**EXHIBIT 7**). Collection of delinquent fuel taxes. Gives Oregon Dept. of Transportation (ODOT) authority and responsibility for collecting delinquent fuel taxes. Deals with gasoline taxes, use fuel taxes (diesel,

propane).

251	Yates	<p>Reviewed bill section-by-section.</p> <p>Section 2: Gives authority to issue warrants, to follow collection procedures same as for weight-mile tax.</p> <p>Section 3: Gives authority to use collection agents</p> <p>Section 4: Provides for uncollectible accounts to be assigned to secretary of state</p> <p>Sections 5-6: Repeals existing language</p> <p>Section 12: Increase in required bond</p> <p>Section 13: Deals with Department's ability to waive penalty (amendment is forthcoming from Rep. Lokan)</p>
303	Yates	<p>Section 17: New authority for gasoline tax</p> <p>Section 20: New authority for use fuel tax</p>
330	Dave Tyler	<p>Spoke in support of the measure.</p>
343	Quintin Hess	<p>Spoke in support of the measure. See written testimony (EXHIBIT 8) verbatim.</p> <p>Collection</p>
413	Hess	<p>Bond Limits</p> <p>Penalties</p> <p>Licenses</p> <p>Summary: ODOT supports House Bill 2190. HB 2190 provides ODOT with the tools to protect taxpayer interests, efficiently administer the program and better serve our customers.</p>

TAPE 132, SIDE A

033	Rep. Lokan	<p>Spoke in support of the measure and in support of forthcoming amendments. See written testimony, letter from Don and Kathy Duval (EXHIBIT 9). Amendments will propose that penalties and interest be waived in the case of a card-lock group. Participants believed the taxes were included in the purchase price. Duvals joined card-lock group and the first time they knew the taxes were not was included was when they received notice that they owed the taxes. About 2,000 purchasers encountered this problem. The Duvals are willing to pay the tax but are requesting waiver of penalties and interest.</p>
071	Rep Lokan	<p>The advertisement stated that the taxes were included. The Duvals investigated the group before joining to verify that the taxes were included.</p>

094	Hess	Gave brief background on card-locks, which are unattended filling stations. They are unregulated. Members of commercial organizations can purchase gasoline and fill their own tanks.
129	Hess	<p>Reviewed bill:</p> <p>Sections 14,15: Increase level of punishment for knowingly and willingly failing to report and pay use fuel tax to be consistent with neighboring states. Level of crimes involving failure to pay fuel taxes is increasing, although rare in Oregon.</p> <p>Sections 16-22: Gives ODOT authority to deny licenses to individuals or companies convicted of crimes involving motor fuel taxes.</p>
149	Rep. Witt	Questions concerning Section 17: Language allowing ODOT to refuse to issue a dealer license. Page 6, line 28; line 32, etc. Expressed concern that language is too broad. Follow-up questions.
169	Hess	Language is broad because of nature of crimes against fuel tax.
193	Chair Strobeck	Suggested Rep. Witt have some amendments drafted in regard to these concerns.
196	Chair Strobeck	Closed public hearing on HB 2190. Opened public hearing on HB 2901.
201	Rep. Witt	<p>HB 2901 extends property tax deferral to low income, disabled individuals similar to deferral to low income seniors. Drafted these amendments:</p> <p>-1 amendments say disabled person claiming deferral may do so on or before December 31, 1999. (EXHIBIT 11)</p> <p>-2 amendments state that, if low income, disabled individual property taxes are deferred then no longer qualifies as disabled or low income, they can continue to defer taxes during time they qualified. (EXHIBIT 12)</p> <p>-3 amendments raise the income eligibility to be same for disabled individuals and for low-income seniors. (EXHIBIT 13)</p>
263	Lizbeth Martin-Mahar	Discussed revenue impact (EXHIBIT 14) . Added one additional year due to change in fl amendments.
276	Tom Ruedy	<p>Spoke in support of all three amendments. Encouraged committee to pass this bill. Many disabled homeowners are limited in income. The value of their property is increasing at higher rate than their cost of living increases.</p> <p>Ruedy is in a situation where he could lose his home.</p>

- 320 Rep. Lokan Spoke in support of the measure. Introduced-4 amendments (**EXHIBIT 15**) to reduce interest rate from 6 % to 2 %. There will be a financial impact. This would encourage seniors and disabled people to use the program. Interest rates have dropped considerably in the last few years. Would like to see that drop reflected in this program.
- 395 Rep. Merkley In past, people who had no need to defer taxes used this program, which led to percentage being raised. Wants to look into this more before deciding whether to lower the interest rate.
- 425 Rep. Lokan People who use this are low income, many are hesitant to use program.
- 433 John Roach Spoke in support of the measure. Eroding equity is a concern. Roach's home is all he has and wants to leave it to his children. Requested a notice to be given to Dept. of Revenue when a person is applying for disability benefits, to relieve economic pressures.

TAPE 131, SIDE B

- 057 Ruedy Concurred with Rep. Lokan's suggestions to lower interest rates. The set rate is high because prevailing interest rates are much lower now than originally. Suggested amendment to tie program's interest rate into current rate.
- 070 Roach Suggested a ceiling cap on interest rates.
- 084 Eugene Organ Spoke in support of the measure. This bill addresses the need for independence for people with disabilities. More than 70% of disabled people are unemployed. This bill allows disabled homeowners to retain their homes and remain independent. Bill will not be extremely costly.
- 118 Chair Strobeck Closed public hearing on HB 2901. Opened work session on HB 2901.

WORK SESSION # HB 2901

- 120 Vice Chair Rasmussen **MOVED #1 AMENDMENTS TO HB 2901 BE ADOPTED.**
- 122 Chair Strobeck **ASKED FOR OBJECTIONS TO MOVING #1 AMENDMENTS INTO HB 2901. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

130 Vice Chair Rasmussen **MOVED n2 AMENDMENTS TO HB 2901 BE ADOPTED.**

132 Chair Strobeck **ASKED FOR OBJECTIONS TO MOVING n2 AMENDMENTS INTO HB 2901. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

134 Vice Chair Rasmussen **MOVED n3 AMENDMENTS TO HB 2901 BE ADOPTED.**

136 Chair Strobeck **ASKED FOR OBJECTIONS TO MOVING n3 AMENDMENTS INTO HB 2901. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

138 Vice Chair Rasmussen **MOTION: MOVED HB 2901, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

142 **VOTE** **ROLL CALL VOTE: MOTION PASSES 9-0-0**
REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK
REP. WITT WILL CARRY THE BILL.

152 Chair Strobeck Closed work session on HB 2901. Adjourned meeting at 9:40 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2299, Sideras, Testimony Presented to the 70th Legislative Assembly for HB 2299, 1 p.
2. HB 2300, Sideras, Testimony Presented to the 70th Legislative Assembly for HB 2300, 1 p.
3. HB 2299, Waters, Staff Measure Summary, 1 p.
4. HB 2299, Waters, Legislative Fiscal Office, No Expenditure Impact, 1 p.

5. HB 2299, Waters, Legislative Revenue Impact No Revenue Impact, 1 p.
6. HB 2300, Waters, Staff Measure Summary, 1 p.
7. HB 2190, Yates, Staff Measure Summary, 1 p.
8. HB 2190, Hess, Oregon Dept. of Transportation testimony, 2 pp.
9. HB 2190, Lokan, letter from Don and Kathy Duval, 1 p.
10. HB 2190, Yates, Fiscal Analysis of Proposed Legislation, 1 p.
11. HB 2901, Witt, Proposed Amendments to House Bill 2901 (HB 2901-1), 1 p.
12. HB 2901, Witt, Proposed Amendments to House Bill 2901 (HB 2901-2), 1 p.
13. HB 2901, Witt, Proposed Amendments to House Bill 2901 (HB 2901-3), 1 p.
14. HB 2901, Martin-Mahar, Revenue Impact of Proposed Legislation for HB 2901-1,2,3), 2 pp.
15. HB 2901, Lokan, Proposed Amendments to House Bill 2901 (HB 2901-4), 1 p.