

HOUSE REVENUE COMMITTEE

JUNE 3, 1999 ã 8:15 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Members Absent: Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Deborah Kafoury

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Elizabeth Harchenko, Oregon Dept. of Revenue

Ray Wilkeson, Oregon Forest Industries Council

TAPE 207, SIDE A

005 Chair Strobeck

Called meeting to order at 8:25 a.m. Opened work session on HB 3575.

WORK SESSION n HB 3575

017	Richard Yates	Began overview of HB 3575-2 amendments (see HB 3575 n Summary, EXHIBIT 1). Divides forestland ownership into four groups.
043	Yates	<ol style="list-style-type: none">1. Forestland owners of 5,000 or more acres: Bill exempts them from privilege tax into being taxed equally with other property taxpayers. Two steps; 75%, and 100% of assessed value.
071	Yates	<ul style="list-style-type: none">• Forestland owners of less than 5,000 acres: By 2002, all are under new method of 100% valuation, but small owners can choose to remain under 80/20 tax category.
095	Rep. Shetterly	Asked for clarification on page 6, line 3 of amendments.
116		<ul style="list-style-type: none">• Privilege Tax Program for small forestland owners: Phases down over period of years.• Non-Forestland Owners
125	Yates	<ul style="list-style-type: none">• Forestland values: Concern that real market values of forestland are less than assessed value. Bill calls for a study to set up an appeal procedure.• Distribution of Privilege Tax Receipts: \$4 million in reserve account for Western Oregon; money being held by county treasurers in Eastern Oregon. Western Oregon reserve account will be disbanded, and that money will go into state general fund to fund schools. This bill would have only two distributions.
178	Elizabeth Harchenko	Gave brief progress report on drafting Forestland Taxation Task Force. Dept. of Revenue and Oregon Forest Industries Council are working through the major issues that need to be addressed this session. Governor has given three directives for interim work: <ol style="list-style-type: none">1. How to deal with small owners who elect to pay most of their taxes when they harvest.2. How to assure an appropriate set of land values. Currently, Oregon has eight land value classes; task force is working to simplify this.3. Distribution issues
233	Ray Wilkeson	Oregon Forest Industries Council has promised Governor that HB 3575 will be revenue neutral for next biennium. Under bill, landowners that are being double taxed will get immediate break, while others will subsidize them.
270	Chair Strobeck	Can committee assume that resolutions that Department represents will be favorable to Governor? Follow-up questions.

274	Harchenko	The goal is to create an end result that the Governor will support. Governor flagged five issues to work out, including creating a system that doesn't force small forestland owners to cut trees until they are ready to do so; and whether there should be a linkage between property tax and other policy issues.
314	Harchenko	Dept. of Revenue is working with Governor's Office, forest industry, and legislative counsel to produce clean amendments in order to expedite the process.
333	Chair Strobeck	Adjourned meeting at 8:45 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3575, Yates, HB 3575 ñ Summary, 3 pp.
2. HB 3575, Yates, Proposed Amendments to House Bill 3575 (HB 3575-2), 62 pp.