

PUBLIC HEARING: HB 2062, SB 1012-A, HB 2049

WORK SESSION: HB 2048-A

PUBLIC HEARING & WORK SESSION: HB 2129, SB 998

TAPES 214, 215 A/B; 216, 217 A/B; 218 A/B, 219A

HOUSE REVENUE COMMITTEE

JUNE 12, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Leslie Lewis

Rep. Anitra Rasmussen

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Lane Shetterly

WITNESSES -- A.M.: Sen. Joan Dukes, District 1

Howard Olsen, Columbia County

Susan Browning, Department of Revenue

Dave Babits, Oregon Small Woodlands Association

Ray Craig, Assistant State Forester

Bob Cantine, Association of Oregon Counties

Don Lindley, Association of Oregon Counties (Lincoln County)

Steve McClure, Union County

Jim Gangle, Department of Assessment & Taxation

Jerry Hanson, Washington County Assessor

Jim Manary, Department of Revenue

Genoa Ingram-Read, Oregon Association of Realtors

Frank Brunner, Oregon Bankers Association

Don Miner, Oregon Manufactured Housing Association

Carol Samuels, League of Oregon Cities

WITNESSES -- P.M.: Rep. Jeff Kruse, District 45

Rod Johnson, Douglas County

Rep. Chris Beck, District 12

Mike Grainey, Department of Energy

Bob Strong, Western States Tax

Roger Martin, Alaska Air

Gary Carlson, Associated Oregon Industries

Jim Craven, Oregon Council of American Electronics Assn.

Tom Linhares, Association of County Assessors

Rep. John Watt, District 50

Rep. Eldon Johnson, District 51

Everett Cutter, Oregon Railroad Assn.

Craig Lomnicki, League of Oregon Cities

Charlie Hales, League of Oregon Cities

Steve Bryant, League of Oregon Cities

Ben Walters, League of Oregon Cities

Denise McPhail, Portland General Electric

Jenny Lang, U.S. West Communications

STAFF PRESENT: Ed Waters, Economist

Jim Scherzinger, Legislative Revenue Officer

Dick Yates, Economist

Brian Reeder, Economist

Barbara Guardino, Committee Assistant

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TAPE 214 SIDE A

011 Chair Brian Called meeting to order at 9:07 a.m. Opened public hearing on SB 998.

PUBLIC HEARING -- SB 998

030 Sen. SB 998 will change earlier federal reconnect that disadvantaged a few Oregonians in
Dukes terms of depreciation. This bill passed Senate easily. The problem was inadvertent.
(Refer to EXHIBIT G) Explained, federal reconnect of 1995 caused problems having to
do with rental property he purchased in 1981. Federal reconnect legislation required
him to take one-time modification, taking 10 years of depreciation all at once. His
depreciation is already down to zero, but with new legislation he was forced to take full
040 Howard amount in 1996 tax. He is retired; under old law he would not have paid tax at all
Olsen because his income is too low. New law means he will lose his full 10 years of
depreciation and won't gain a penny in state taxes. When he sells property, he will have
to pay this tax again, thus being billed twice.

- 078 Olsen Explained, proposal will change mandatory depreciation to optional., so he can continue on current depreciation schedule.
Reviewed amendments:
SB 998 -A3 (EXHIBIT A): Clarify meaning of bill
- 090 Ed Waters SB 998 -A4 (EXHIBIT B): Correction so corporate tax credits are not excluded from surplus kicker credit calculation.
SB 998 -A5 (EXHIBIT C): Exempt from Oregon income taxation, income earned by certain non-resident workers at federal hydroelectric facilities.
- 115 Susan Browning Testified in support of SB 998. Department of Revenue introduced - A4 and A5 amendments. There will be a great revenue impact if this is not repaired. Does not want federal government to intercede in handling of state income tax.

WORK SESSION -- SB 998

- Vice
144 Chair Beyer **MOTION TO MOVE SB 998 -A3 AMENDMENTS INTO SB 998.**
- 146 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 998 -A3 AMENDMENTS INTO SB 998. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- Vice
148 Chair Beyer **MOTION TO MOVE SB 998 -A4 AMENDMENTS INTO SB 998.**
- 150 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 998 -A4 AMENDMENTS INTO SB 998. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 158 Chair Brian **REQUESTED SUSPENSION OF RULES FOR THE PURPOSE OF ADOPTING MULTIPLE AMENDMENTS INTO SB 998. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 166 **COMMITTEE RE-ADOPTED SB 998 -A4 AMENDMENTS INTO SB 998.**
- Vice
167 Chair Beyer **MOTION TO MOVE SB 998 -A5 AMENDMENTS INTO SB 998.**
- 168 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 998 -A5 AMENDMENTS INTO SB 998. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- Vice
169 Chair Beyer **MOTION TO MOVE SB 998 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. CORCORAN, EDWARDS, RASMUSSEN, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.

172 **VOTE** **MEMBERS EXCUSED: REPS. LEWIS, SHETTERLY.**

MOVED DO PASS AS AMENDED REP. TAYLOR WILL LEAD THE DISCUSSION ON THE FLOOR.

190 Chair Brian Removed suspension of rules. Opened public hearing on HB 2129 (Extends funding for administration of reforestation credit and Western Oregon Small Tract Optional Tax - WOSTOT.)

PUBLIC HEARING -- HB 2129

199 Dave Babits Testified in support of HB 2129. Believes WOSTOT is an important program to a number of small woodland owners.

234 Chair Brian Asked, if HB 3734 becomes law, will privilege tax be canceled? Should committee tie funding of HB 2129 to two years rather than permanent, since if privilege tax is gone, funding source on WOSTOT would have to change.

255 Dick Yates That would make sense. Suggested sunset, as contained in bill, page 1, lines 13 -14 (change 1997 to 1999).

WORK SESSION -- HB 2129

265 Yates Introduced HB 2129 -2 amendments (EXHIBIT H).

287 Ray Craig Noted, HB 2129-2 amendments proposed by Department of Forestry. Bill requires all property in a tax lot to be in optional tax. Forestry has re-inspection requirement, and did not want to go out and inspect and find land disqualified. This is common situation under current law. Forestry concurs with two-year sunset provision.

346 Vice Chair Beyer **MOTION TO MOVE HB 2129 -2 AMENDMENTS INTO HB 2129.**

348 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2129 -2 AMENDMENTS AS AMENDED INTO HB 2129. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

351 Vice Chair Beyer **MOTION TO MOVE HB 2129 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

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IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. CORCORAN, EDWARDS, LEWIS, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR

BRIAN.

MEMBERS EXCUSED: REPS. RASMUSSEN, SHETTERLY.

353 VOTE

MOTION CARRIED. REP. LEWIS WILL LEAD DISCUSSION ON THE FLOOR.

372 Vice Chair Beyer **MOTION TO RESCIND SUBSEQUENT REFERRAL OF HB 2129 AS AMENDED TO WAYS AND MEANS COMMITTEE.**

373 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO RESCINDING SUBSEQUENT REFERRAL OF HB 2129 AS AMENDED TO WAYS AND MEANS COMMITTEE. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

Reps.
379 Lewis, Declared possible conflict of interest.
Corcoran

PUBLIC HEARING -- HB 2049

382 Chair Brian Closed work session on HB 2129. Opened public hearing on HB 2049.

423 Bob Cantine Gave background of HB 2049. Asserted, work done on transportation and M50 bills will do no good unless they can be implemented. That will require resources, and counties are short of resources. 36 counties are losing \$74 million in property taxes, which cuts into administration funds. Assessment/taxation function is not protected under Constitution. County assessors request state to pick up larger share of assessment and taxation so counties can protect public safety etc. from further cuts.

TAPE 215 SIDE A

Association of Oregon Counties is united in its support of HB 2049. This is the highest remaining priority this session. Requested interim study.

063 Don Lindley Lincoln County will eliminate 10 % of total work force, 11 of those positions are from assessors office to provide for minimal impact on public safety.

AOC supports continued funding of Assessment & Taxation program.

117 Steve McClure Refer to "Union County Board of Commissioners" (EXHIBIT K). Testified in support of continued funding for A & T program. Requested interim consideration concerning future funding.

186 All Questions and discussion concerning A & T program.

255 Jim Gangle Refer to "Memorandum" (EXHIBIT L) Lane County one of hardest hit in lost timber revenues, suffered extreme staff cuts, but have been able to gradually grow back. Talked about: What Lane County is doing now; what it is cutting; what would be cut if it loses

current funding mechanism.

Multnomah County situation is similar to Lane County.

Addressed HB 2049, funding mechanisms and philosophy.

- 375 Jerry
Hanson HB 2049 was written before discussions about current political situation. It was based on concept that state would share 50 % of cost. It is based on charges on documents has been a problem in getting support, but believes it is fair. Real estate industry depends upon efficient processes in assessment and taxation. In terms of real estate sales, good mapping systems available.

TAPE 214 SIDE B

- 050 Hanson Summarized: Efficiency would be dramatically impacted without this program. Urged committee to continue this program.
- 060 All Questions and discussion.
Gave brief history of Department of Revenue funding for A & T program.
- 109 Jim
Manary Refer to "Assessment & Taxation Funding, Department of Revenue" (EXHIBIT M) :
Department Industrial Sites, etc.
- Warned, if funding is discontinued, Department of Revenue will cease to appraise 600 industrial sites.
- 196 Brian
Reeder Gave explanation of HB 2049: Increases \$20 recording fee to \$30 and expands number of recordings subject to fee. Refer to "Revenue Impact Statement" (EXHIBIT P) is \$32 million in 1997-99.
Referred to two amendments:
- 210 Reeder HB 2049 -2 (EXHIBIT Q): Do away with most of bill, extend program for two more years. Add requirement for interim study.
- HB 2049 -3 (EXHIBIT R): Same as -2 except add prohibition on local real estate transfer taxes/fees, page 4, section 6.
- Genoa
248 Ingram- Directed members' attention to HB 2049 -1 amendments, created by Oregon
Read Association of Realtors (EXHIBIT T): Amendments keep \$20 recording fee as is, recapturing \$11 - 12 million that will sunset June 30, 1998, and dedicate that money to Oregon Housing Trust Fund. Also continue moratorium on local real estate transfer tax.
- OAR opposes real estate transfer tax.
- 339 Frank
Brunner Expressed disappointment because moratorium and \$20 were one package. Now proposal this will triple revenue at time when M50 reduces need. This is a real estate transfer tax. Some these fees will be paid by financial institutions; some will be passed along to consumers. Tax was not intended to be permanent, it was for an emergency.
- 385 Don Miner Testified in support of HB 2049 -1 amendments in order to support affordable housing.
- Asked Brunner, if not this mechanism to fund affordable housing, then what

444 Rep.
Corcoran mechanism?

446 Brunner Suggested continue funding as it is. To raise it three-fold is terrible. Be honest, it is a real estate transfer tax.

TAPE 215 SIDE B

044 All Questions and discussion on Brunner's concerns.

082 Vice Chair
Beyer Concluded, answer is to put issue on hold and create interim task force.

Upset that this will become a permanent tax.

092 Brunner

Suggested move recording of deeds and records to state, modernize whole process.

120 Carol
Samuels Testified in favor of A & T funding for counties. League of Oregon Cities recognizes importance of A & T function. Without it, expected improvements may not occur. LOC opposes any form of preemption or moratorium on counties' ability to impose a real estate transfer tax. Local government is losing its options, ability to raise local dollars.

Questions and discussion interspersed.

210 Rep.
Corcoran Concern that lawmakers' credibility suffers when they do not establish nexus (connection) between tax and service. This bill has clear nexus.

Asked for revenue impact for HB 2049 in comparison to current method.

229 Cantine

240 Hanson Refer to handout dated May 28, 1997 (EXHIBIT N). Two types of transactions impacted: Sale of property (page 2); refinancing.

293 Hanson Impacts will double because lose M50 money plus money for A & T grant program. Believes there is a way to work through these issues. System involves bankers, Realtors, counties, districts. Everyone has to work together to make system work.

334 Cantine Regarding recording fee rising to \$16 million; add that and delinquent interest on taxes equals \$48 million in biennium. Currently receive \$25 million, so this bill would double that amount, not triple.

333 Chair
Brian 10:50 recessed meeting until approximately 1:30 p.m.

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AFTERNOON CONTINUED MEETING

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WORK SESSION -- HB 2048A

360 Chair Brian Called meeting to order at 2:25 p.m.
390 Jim Directed members' attention to "HB 2048 -- Measure 50 Implementing
Scherzinger Draft" (EXHIBIT U) Outline follows order of bill.

REVIEWED BY HOUSE COMMITTEE:

445 Scherzinger Assessed Value (1 - 19)
Lesser of real market value or maximum assessed value
Maximum Value

TAPE 216 SIDE A

Unit of Property (7)

Classes of Property (9-1)

009 Scherzinger Areas

Exception for improvements and new property (9-5)

Other exceptions for subdivision, rezoning, etc.

Distribution of tax cuts and revenue reductions (in HB 3710)

(Issues for which committee postponed decisions):

027 Scherzinger

Treatment of offsets

Can district under-levy?

M47 allocation formula to districts

Levies included in calculation of statewide cut goal

062 Scherzinger Application of Measure 5 limits

Urban renewal

Special cases

Special assessments and partial exemptions (40-45)

115 Scherzinger

(Awaiting some amendments)

Appeals (49-93), 223a-241 etc. ...

What changes should be made to Tax Court appeals process?

Repeal Board of Ratio Review

139 Scherzinger Convert Board of Equalization to Board of Property Tax Appeals

Exemptions (98-145, 164-165, etc. ...)

156 Scherzinger Most changes to dates to apply reflecting January 1 assessment data
Exemption sunset dates

Casualty loss (196)

Timelines/ January 1 assessment date/ Change in definition of real market value ...

January 1 date effective in 1998-99 (147)

Change industrial, personal, and utility property return dates

171 Scherzinger Repeal quarter and tenth of 1 % rules (149)
Local reserves (299-301)

Require assessors to keep real market value on the tax roll (155)

Repeal six year reappraisal cycle (161)

Personal property (163)

Imposition and collection of taxes (242-301, 320-321)

Treatment of offsets? (251-252)

Can district under-levy? (244)

222 Scherzinger Application of Measure 5 limits (260)

Rounding (248)

Error correction process (280)

Tax statement (286-288)

Bonding (258, 366-366b)

244 Scherzinger Definitions

Bonds approved but not raised before Measure 47

(Questions and discussion)

Clarify that refunding cannot produce a net increase ... (366a)
344 Scherzinger
Misspent proceeds (Questions and discussion)
Local option taxes (302-308a)

Does not include schools (302)

Rate based levy go up to five years (303)

397 Scherzinger Definition of capital project

Use of local option levy for bonds (303-4)

Elections

Elections generally (309-319)

GENERALLY NOT REVIEWED BY HOUSE COMMITTEE

445 Scherzinger
Local budget law (322-339)

TAPE 217 SIDE A

036 Scherzinger New districts, mergers, and divisions (340-365, 371-390)

050 Scherzinger Urban renewal (442-454)

Shift restrictions (445-462)

071 Scherzinger Effective dates and emergency clause (463-465)

ISSUES NOT YET IN BILL

Adjustments for errors in calculating permanent rates

080 Scherzinger

County trust forest land distribution

Severance tax distribution

PUBLIC HEARING -- SB 1012A

158 Brian
Reeder Reviewed SB 1012-A: Reclassifies certain electricity generating plants as industrial property rather than utility property. Requires maximum generating capacity 20 mw, power sales to an electric utility rather than to customers. Applies to only two plants.

Refer to SB 1012 -A2 (EXHIBIT Y); and SB 1012 -A3 (EXHIBIT Z): Put back in language that was inadvertently removed from original bill.

Explained SB 1012 -A2 amendments, suggested committee adopt it and not -A3.

198 Rep.
Kruse

Noted, SB 1012 -A2, lines 3 - 4, reinsert an exception in statute that was inadvertently deleted. -A3 are not needed.

218 Rod
Johnson

Bill brings equity. Industrial properties can elect not to have assessors use income approach for valuing property. Bill would give same opportunity to small co-generation plants. Fiscal impact is minimal; revenue impact zero. Bill keeps income information private.

268 Rep.
Beck

Explained SB 1012 -A4 amendments (EXHIBIT AA): Allows transit passes to fall under category of allowed transit credits.

279 Mike
Grainey

Testified in support of SB 1012 -A4 amendments. Amends existing Business Energy Tax Credit (BETC) Program to provide that employers who buy transit passes for employees can get tax credit. No revenue impact.

PUBLIC HEARING -- HB 2062

353 Chair
Brian

Opened public hearing on HB 2062.

366 Gary
Carlson

Gave brief history of HB 2062, intangibles taxation exemption for centrally assessed utilities. Rapid change in utility industry to competition could result in unfairness.

TAPE 216 SIDE B

059 Carlson

Associated Oregon Industries supports HB 2062. Opposes modification of language in ORS 307.020.

"Why Intangible Property Taxes Should Be Repealed" (EXHIBIT EE)

067 Bob
Strong

Centrally assessed companies are telecommunications, transportation and energy. Asking that these companies be treated the same as everyone else. HB 2062 does this. This is a competition issue.

Centrally assessed companies are increasing statewide 6 % per year. They are constantly adding new property, replacing old property.

109 Jim
Craven

Echoed Carlson's concerns about modifications to language.

137 Jim
Manary

Gave background on HB 2062. Soon after close of 1995 General Assembly, centrally assessed companies said there would be an intangible bill for 1997 session. Out of these discussions, Department of Revenue modified its appraisal approach, came up with estimate of intangible value.

Refer to handout (EXHIBIT FF). Outlined approaches to figuring intangible values.

Refer to HB 2062 -4 amendments (EXHIBIT GG). U.S. Cellular plans to locate regional

- 199 Rep. Watt call center and employ 500 people in southern Oregon, which has high unemployment. U.S. Cellular requested exemption as condition of locating in Oregon. Western Wireless in Portland is only other exemption. Asked for support in adopting HB 2062 -4 amendments.
- 237 Rep. Johnson Testified in support of HB 2062 -4 amendments. A number of companies coming into state have bought FCC licenses will go to court to get this overturned. Rights to do business should not be taxed. Believes bill should be drafted as broadly as possible, exempt all wireless, not just U.S. Cellular.
- 289 All Questions and discussion on how broadly bill should be drafted, etc.
Using different modifier methods to minimize intangible influence, Department came up with estimate based on 1996 values. Should this become law, these are the methods they would adopt.
- 338 Manary Noted, Trojan Nuclear Plant is not included in estimate for intangibles.

Described appraisal process for intangibles.

TAPE 217 SIDE B

- 030 Manary Continued discussion on appraisal process.
Refer to written testimony (EXHIBIT HH): On behalf of League of Oregon Cities, panel urged committee to oppose HB 2062. Main reason is loss of revenue local for governments.
- 110 Craig Lomnicki Believes revenue loss will be much greater than stated. No local representation when developing methodology. List of intangibles is open-ended.
Asked, why should legislature respond to a problem that does not exist. This bill is tax reform on piecemeal basis. Changing proportion of taxes paid by industry results in yet another tax shift to residential properties.
- 216 Lomnicki Summarized: Legislature will be opening Pandora's box by passing this bill. Requested interim study in context of overall tax reform. Urged committee to oppose HB 2062.
- 229 Lomnicki
- 242 Chair Brian Committee recessed in order to vote on House floor. 4:10 p.m.
- 243 Chair Brian Reconvened meeting at 4:35 p.m.
- Testified in opposition to HB 2062. Refuted policy arguments proponents have made:
- 1) Tax system should treat all taxpayers equally -- Argued, there are many legitimate policy reasons why taxpayers are not treated equally.
- 244 Charlie Hales 2) Extra tax burden borne by centrally assessed businesses must be addressed today - Argued, utilities are not fully deregulated yet, so it is not time to impose intangible exemption.
- 3) Revenue implications unknown, industry is asking committee to accept an unknown definition -- Argued, industry claims only \$600 million taxable value will be taken off

the rolls. Nobody knows if this is accurate.

- 367 Rep. Simmons Resents implication that legislature is hurrying during last days of session.
- 371 Hales Requested legislature slow down. City of Portland is willing to be involved in comprehensive tax reform during interim.
- 398 Steve Bryant Testified in opposition to HB 2062. Refer to written testimony (EXHIBIT II) City of Albany has cut all it can, and is now eliminating public safety positions. Exempting centrally assessed utilities would subject communities to more severe losses. Albany facing 18 % revenue reductions. Bill would directly correspond to another deep decrease in services. Reduction is direct loss to local government. Before M50, could adjust tax rates, can't do that anymore.

TAPE 218 SIDE A

- 035 Bryant Continued testimony, urged comprehensive tax reform. Concluded, bill supporters say they should be treated like everyone else. However, many of supporters entered competitive arena years ago and are successful despite exclusion of intangibles. Competition ought not be rationale for this bill.
- 089 Chair Brian HB 2062 -4 amendments are too broad. Asked, in terms of tax policy, what is rationale for taxing one narrow group of businesses, their trade-marks, patents, licenses, and not other businesses.
- 099 Hale This should be viewed in context of larger agenda. Now is not the time to make this tax shift. If this were before M47, there wouldn't be this much opposition.
- 140 Ben Walters Testified in opposition to HB 2062. Refer to written testimony verbatim (EXHIBIT JJ):

1) Section 1 would significantly expand the list of exempt "intangible" personal property for all commercial taxpayers, not simply centrally assessed companies.

2) The much proclaimed "open competition" has not yet arrived.

3) Article 11, sec. 15(6) appears to require that this legislation be approved by three-fifths of each house of the Legislative Assembly.

7) Conclusion.

- 340 Tom Linhares Tom Linhares, Contended just because proponents are being treated differently does not mean that is unfair. They are being treated differently because utility property is different from industrial property.
- Without amendment, value of Trojan Nuclear Plant is intangible. Trojan has been closed since 1993, and PGE and PPL are still collecting money from rate-payers to offset profit margin and cost of plant.

TAPE 219 SIDE A

050 Rep. Strobeck Asked, why should a company that is a centrally assessed utility pay for intangibles when marketplace is changing, and other companies are appearing that will same intangible value but won't be taxed because they are not centrally assessed.

065 Linhares Gave example, U.S. West Communications owns telephone lines, and another company leases those lines.

084 Chair Brian In other situations, state does not tax both lessee and lessor.

087 Chair Brian Recessed committee to answer call to vote 5:15 p.m.

089 Roger Martin Reconvened meeting at 5:30 p.m.

Testified in favor of HB 2062. Airlines see this as an issue of fairness. Coalition has been working on this for two sessions. 1993 AOI got legislature to repeal intangible tax on all but centrally assessed companies (utilities, airlines). 1995 it was too late in session to take action, so supporters are back again. Airlines are closely watching what happens this session. California and Washington have repealed intangible tax. State will be judged if it refuses to repeal tax.

Oregon Dept. of Revenue is very accurate on its assessments of what this will cost -- \$6 million.

176 Martin Airlines have continued to grow in size so no drop in amount of tax collected since passage of M5. This growth will continue. Local governments will not see a lessening of revenue. Requested lawmakers act on this bill this session rather than during interim, since they have been discussing it for five years.

196 All Questions and discussion concerning airlines.

242 Everett Cutter Testified in support of HB 2062. Refer to written testimony verbatim (EXHIBIT KK) "Oregon Railroad Association - Statement in Support of HB 2062".

280 Denise McPhail Referred to Exhibit EE, "Why Intangible Property Taxes Should be Repealed." Concerning claim that PGE is not competitive, PGE will file in August for pilot programs involving four communities and major industrial customers. Will also file to restructure whole service territory, so competition will be there. PGE will open its lines to competitors who will not pay intangible tax. Just as utilities pass taxes onto customers, they also pass tax breaks onto customers. If intangibles are repealed, customers will see rebates or reductions.

Commented on HB 2062 -4 amendments.

352 McPhail Pointed out, companies covered under intangible tax are investors in Oregon. Utilities do not intend hurt cities, just want to be treated like other companies. Urged intangible tax be repealed.

388 Jenny Lang Commented on issues that were discussed earlier. Not all centrally assessed telecommunications carriers in Oregon regulated by Public Utility Commission. Some pay on intangible assets, others do not. Disparity within industry. Distinction is centrally assessed classification.

All Questions and discussion concerning telecommunications industry.

TAPE 218 SIDE B

- 061 Rep. Edwards Asked, why don't the industries in question get tax relief under M47/50?
- 069 Strong Explained, some change in value due to 90 % of 1995 base. However, every dollar centrally assessed companies put on the books from 1995 to present has been factored and added back on. In case of PacifiCorp, after M50 calculations, value increased in 1997 \$83.9 million. Even if this bill were in effect, value still would have gone up. This increase will continue.
- 117 Strong Addressed earlier discussions:
- ("Franchise" tax. Utilities pay franchise fee to local communities. Committee must distinguish between franchise that is purchased versus franchise tax.
- (Disputed perception that utilities are different. It is just by Department of Revenue's choice, doesn't have to be that way.
- 167 Strong (Washington state property tax system works almost identical to Oregon. Tax impact estimates are almost identical to Oregon.
- (Concerning Department of Revenue study, estimates of \$630 million are very aggressive. Department of Revenue did not want surprises, so estimated high.
- 189 McPhail Expressed willingness to put guarantees in writing to help local governments feel more secure.
- 210 All Questions and discussion concerning how to set a value on a portion of U.S. West property tax that is within a county.
- 272 Strong In response to question, nobody is advocating doing away with central assessment. Instead of doing income approach based on stock prices, do a replacement cost new of existing assets in Oregon, then distribute them back to counties. Valuing only the existing physical assets.
- 319 All Questions and discussion concerning what is centrally assessed and what isn't.
- 424 Chair Brian Adjourned at 6:15 p.m.

Submitted by, Reviewed by,

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Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

- A. SB 998, Waters, Proposed Amendments: SB 998 -A3, 1 p.
- B. SB 998, Waters, Proposed Amendments: SB 998 -A4, 4 pp.
- E. SB 998, Waters, Proposed Amendments: SB 998 -A5, 2 pp.
- G. SB 998, Waters, Staff Measure Summary, 1 p.
- I. SB 998, Waters, Revenue Impact of Proposed Legislation, 1 p.
- F. SB 998, Waters, Fiscal Analysis of Proposed Legislation, 1 p.
- G. SB 998, Olsen, Exhibit "A" Regarding Senate Bill 998A Engrossed, 2 pp.
- H. HB 2129, Yates, Proposed Amendments: HB 2129 -2, 1 p.
- I. HB 2129, Yates, HB 2129: Estimated Revenue Impact of Section 4, 1 p.
- J. HB 2129 , Yates, Revenue Impact of Proposed Legislation, 1 p.
- B. HB 2049, McClure, Testimony of Union County Commissioner Steve McClure before the House Revenue Committee, 9 pp.
- N. HB 2049, Gangle, Memorandum, 3 pp.
- P. HB 2049, Manary, Assessment & Taxation Funding, Department of Revenue, 2 pp.
- R. HB 2049, Hanson, Oregon State Association of County Assessors, Assessment and Taxation Funding, 3 pp.
- T. HB 2049, Lindley, House Bill 2049 and Administration of the Property Tax System Post-Measure 50, 9 pp.
- V. HB 2049, Reeder, Revenue Impact of Proposed Legislation, 1 p.
- X. HB 2049, Reeder, Proposed Amendments: HB 2049 -2, 4 pp.

A@. HB 2049, Reeder, Proposed Amendments: HB 2049 -3, 4 pp.

AB. HB 2049, Riddell, Multnomah County Oregon letter to legislators, 1 p.

K. HB 2049, Ingram-Read, Proposed Amendments: HB 2049 -1, 9 pp.

L. HB 2048, Scherzinger, HB 2048 - Measure 50 Implementing Draft, 4 pp.

M. HB 2048, Scherzinger, Oregon Department of Revenue Central Assessment Program Unitary Valuation, Allocation & Apportionment, 1 p.

N. HB 2048, Scherzinger, Oregon Department of Revenue, Centrally Assessed Property Tax Roll, 1 p.

X. HB 2048, Scherzinger, Assessed Value of Centrally Assessed Property for 1995-96, 1 p.

Y. SB 1012, Kruse, Proposed Amendments: SB 1012 -A2, 1 p.

B. SB 1012, Kruse, Proposed Amendments: SB 1012 -A3, 1 p.

C. SB 1012, Beck, Proposed Amendments: SB 1012 -A4, 12 pp.

D. SB 1012, Reeder, No Fiscal Impact statement, 1 p.

AG. SB 1012, Reeder, Staff Measure Summary, 1 p.

AI. SB 1012, Reeder, Revenue Impact of Proposed Legislation, 1 p.

AK. HB 2062, Strong, Why Intangible Property Taxes Should Be Repealed, 2 pp.

H. HB 2062, Manary, Intangible Property Value - Unofficial Preliminary Estimates, Centrally Assessed Companies, 3 pp.

I. HB 2062, Watt, Proposed Amendments: HB 2062 -4, 1 p.

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