

WORK SESSION: SB 60-A, HB 2048-A

PUBLIC HEARING: SB 1103-A

TAPES 236, 237 A/B, 238 A/B, 239 A

HOUSE REVENUE COMMITTEE

JUNE 25, 1997 8:30 AM; 1 PM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Lee Beyer, Vice-Chair (Present 2:50 - 3:05 p.m.; 4:00 p.m.)

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Anitra Rasmussen

Rep. Lane Shetterly (Arrived 3:55 p.m.)

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Tom Brian, Chair

Rep. Leslie Lewis

WITNESSES PRESENT: Claire Puchy, Oregon Dept. of Fish & Wildlife

Jim Conley, Salem Audobon Society

Cynthia Thompson, Children's Trust Fund

Dave Fiskum, Oregon Advocates for the Arts

Sue Hildick, Oregon Health Sciences University

Bill Linden, Oregon Head Start Association

David Nebel, Oregon Coalition Against Domestic & Sexual Violence

Stephen Kafory, American Fisheries Society, Wildlife Society

James Hamrick, Oregon Parks & Recreation Department

Doug Ebner, Historic Assessment Review Committee

Mark Nelson, Oregon Historical Property Owners Association

John DiLorenzo, Portland; Oregon Taxpayers United

Gil Riddell, Association of Oregon Counties

Marge Kafoury, City of Portland

Paul Thalhofer, City of Troutdale

Nancy Tauman, Oregon City School District

John Nelson, City of Troutdale

Jerry Hanson, Washington County Assessor

STAFF PRESENT: Ed Waters, Economist

Brian Reeder, Economist

Jim Scherzinger, Legislative Revenue Officer

Barbara Guardino, Committee Assistant

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009 Rep. Strobeck Called meeting to order at 1:55 p.m. Opened work session SB 60A.

WORK SESSION -- SB 60-A

Reviewed SB 60-A. Makes changes in income tax charitable check-off program.
Expands space available on income tax form to list 10 charitable programs instead of

- 014 Ed Waters five. Removes statutory authority for three of five currently listed programs. Replaces idea of check-off box with blank line so contributors can fill in dollar amount.
- Charities are selected by Charitable Check-off Commission.
- 051 Claire Puchy Refer to written testimony in opposition to SB 60-A (EXHIBITS A, B). Concern of Oregon Department of Fish and Wildlife is concerned about 30 % loss in state revenue, as well as federal loss since state funds are used to leverage federal funds. Program was created solely to support non-game fish and wildlife.
- Gave brief history on non-game check-off. Amount of donated money has stayed the same; pie keeps dividing.
- 140 Rep. Corcoran Asked, what would be result if check-off were eliminated.
- 147 Puchy Fish & Wildlife would have to seek other funding sources. Limited in alternative fund-raising resources. Intends to remain on check-off as long as possible. Under this bill, Fish & Wildlife will be removed from form June 30, 2000 if it cannot maintain \$50,000 in contributions over 2 years.
- 179 Jim Conley Testimony in opposition to SB 60-A. Refer to written testimony verbatim (EXHIBIT C) "Salem Audubon Society." Other organizations on the list could be financed by grants.
- 236 Cynthia Thompson Testified in opposition to SB 60-A. Children's Trust Fund of Oregon benefits from check-off to provide for child abuse prevention programs. Legislature has determined this money is supposed to be sustaining, not short-term.
- 305 Dave Fiskum Concerned parameters are broad, and could result in thousands of applicants. Testified in support of SB 60-A. Believes pie will get bigger. Oregon Advocates for the Arts has been on tax form before, would like to be listed again.
- 343 Sue Hildick Testified in support of SB 60-A. Would like to see tax check-off open up to new causes.
- 398 Bill Linden Testified in favor of adding Head Start Program to list. Currently only 29 % of eligible children are served. Believes bill will result in pie getting larger. Urged committee to pass SB 60-A.
- Coalition Against Domestic & Sexual Violence currently listed on form. Echoed concerns about expanding list when unclear pie will grow..
- 437 David Nebel Directed members' attention to SB 60 -A9 amendments (EXHIBIT D). Urged members to adopt these amendments that would allow current programs to continue on form.

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- 040 Nebel Believes two of five original groups were not grandfathered due to an oversight. Under new system, they would continue to be on the list. These are Coalition, and HIV/Aids Alliance.

- 056 All Questions and discussion.
Testified in opposition to adding more programs to list. Disagreed that amount of money collected will increase with additional tax check-offs. It will stay the same, nobody will benefit. Urged committee to leave bill as is and do not pass it out.
- 082 Stephen Kafory
Newcomers to state won't make enough difference. Newcomers don't necessarily respond to check-offs. Programs have to be publicized.

PUBLIC HEARING -- SB 1103-A

- 189 Brian Reeder
Reviewed SB 1103-A. Relates to Historic Preservation Program under local property taxes. Program freezes assessed value of property designated as historic for up to 15 years, sometimes a second 15 years.
- 243 Reeder
Bill removes 2002 sunset, allows second 15-year period for condominiums. Explained changes made in SB 1103 -A4 (EXHIBIT F); and SB 1103 -A5 (EXHIBIT G).
- 284 Reeder
Noted proposed amendments submitted by "Condominium Working Group" (EXHIBIT I).
- 292 James Hamrick
Refer to "Testimony on SB 1103-A... Presented by James M. Hamrick, Jr." (EXHIBITJ). Verbatim. Commented in favor of some provisions off -A4 amendments. Objected to other provisions.

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- 025 All
Questions and discussion on issue of including condos in 15-year freeze, conditions for improving beyond tax savings, etc.
- 082 Doug Ebner
Applauded legislature's work 1995 session putting teeth in historical preservation process. Explained "Historical Projection of Taxes" chart (EXHIBIT K). Deals with Section 9, accumulative tax savings.
- 155 Vice Chair Beyer
Asked, is program currently working well with no changes?
- 157 Hamrick
1995 legislature made fundamental changes to program. For the most part, it is working, but needs some technical changes. Oregon Parks and Recreation Department does not believe this bill is needed.
Reviewed original bill as approved by Senate. Key items:

Page 1, agreement in definition
- 174 Mark Nelson
Page 4, Historic Assessment Review Committee, added two members

Page 5, supported amendments to include condominiums

Discussed SB 1103 -A4 amendments. Section 5a addresses an inequity. Properties purchased at end of first 15-year freeze with understanding that they will receive

- second 15-year freeze. Amendments allow them one year to apply for second freeze.
- 222 M. Nelson
- Discussed cumulative tax savings (page 2). Conditions placed on preservation plans far exceed benefits. People are turning away from the process.
- 282 M. Nelson
- 319 All Questions and discussion concerning cost/benefits, conditions that must be met.
- 383 Rep. Edwards Asked, why have condominiums not been included in past? Why include them now?
- 387 M. Nelson Second 15-year tax freeze was adopted to provide incentive/assistance for seismic and ADA upgrades. Incentive was only applicable to commercial buildings before. Believes condos should be treated as commercial property because they have to go through same upgrades.
- 435 Reeder Noted, revenue impact of bill is very low.

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- 020 Rep. Rasmussen Questions to clarify intent of -A4 amendments, Section 5a.
- Addressed Rasmussen concerns regarding -A4 amendments, Section 5a "window". Regarding seismic bill, whenever legislature alters tax code, it affects future economic behavior. The law provides that, if a person makes significant economic investment in various improvements in an historical building, that person is entitled to an additional 15 years.
- 060 John DiLorenzo DiLorenzo contracted to purchase a building that needs energy improvements. If improve, will be entitled to 15-year exemption. Based on income approach to valuation, building is considered to be a flow of earnings.
- Advocates a transition rule. Urged legislature to accommodate people who have changed their positions based on expectations written into tax code.
- Noted, Historic Preservation system was being abused, which led up to 1995 reforms. Association of Oregon Counties urged lawmakers to take care in regard to redefinition of preservation plan and readjustment of fees.
- 149 Gil Riddell Asked, why change appointing authority when system works now.
- Asked, why eliminate sunset clause?
- Objected to Section 9.
- City of Portland opposes these changes:
- Elimination of sunset in 2002.

- Extension of 15 year privilege to condominiums.
- 188 Marge Kafoury -A4 amendments, particularly Section 5.
- 243 Kafoury Questioned whether this bill is necessary at all.
- 298 Rep. Strobeck Closed public hearing on SB 1103A. Recessed meeting at 3:30 p.m.
- 289 Rep. Strobeck Reconvened meeting at 4:00 p.m.

WORK SESSION HB 2048A

- 308 Jim Scherzinger Directed members' attention to SB 1215-23 amendments (EXHIBIT L). Deal with elections where election fell short of 50 % turnout requirement but passed with majority vote, and result has been challenged. Amendments propose a method of taking a challenge to court.
- Section 313a(7): Adds a cause to current statute that deals with challenging elections.
- Page 2, Section 313b: Deals with remedies court can order.
- 337 Scherzinger Page 3, Section 313c: Costs are currently assessed against losing party. Amendment says costs would be assessed against clerk only if court found fault.
- Page 3, Section 313d: Paragraph (a), amendments apply to M50 elections, plus M47 elections.
- 411 All Questions and discussion about 50 % voter requirement.

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- 037 Paul Thalhofer Introduced Troutdale/Oregon City delegation.
- 043 Nancy Tauman Testified on behalf of Oregon City School District that won its bond election by simple vote, but lost by double majority. Noted, before double majority it didn't matter much if people who didn't vote were eligible voters. Believes many registered voters are ineligible -- either died, moved, etc. -- up to 25 %.
- 23 amendments give district procedure to ensure election was accurate. Without this procedure, more lawsuits will occur.
- 110 Rep. Strobeck Asked, did Oregon City try to purge voter files before vote? What steps would clerks take if this provision were adopted?

- 114 Tauman The county clerks don't take pro-active steps. If amendments were to be adopted, they would take list of people who did not vote, people door-to-door to determine whether they were at address at time of election. If not, notify county clerk, if it is not returned, they will be placed on inactive status.
- 161 Rep. Shetterly Noted, SB 1215 -23 amendments address procedure for court challenge. In bill, Section 310, prescribes process for which Secretary of State adopts rules that direct clerks. Asked, why is this process being created after the fact?
- 168 Scherzinger Believes rules have been adopted that opponents of amendments believe procedures are not adequate, but still want a way to challenge a determination after the fact.
- 178 All Questions and discussion on time frame of purging voter files, burden of proof. Gave example of how situation applies to Troutdale: Troutdale had elections in March, did not get 50 % majority. Of those who voted, 62/38 %. Had to have challenges in by 8 p.m. on election night, but did not realize it. Troutdale sent out purge letters to those possibly unqualified. Anticipates when purge is done, 50 % limit will be met. A jurisdiction cannot tell who is a non-voter until after an election. Non-voters have more impact on election than no-voters and need to be scrutinized.
- 243 Thalhofer Now, those who do not return post cards are put on inactive list. Under proposed procedure, jurisdiction would have to go to homes of people who did not return the postcards.
- 324 Thalhofer .
- 388 John Nelson City of Troutdale is simply trying to get to the truth of an election, not trying to change results or change double majority requirement. Worked with secretary of state office to get acceptable language. All parties can scrutinize vote, does not believe it will be abused.
- 436 John DiLorenzo Oregon Taxpayers United supports part of -23 amendments, opposes part. No objection to adding as a ground for challenge, determination that number of eligible voters changed. Takes issue with remedy. -23 amendments depart drastically from remedy allowed in Chapter 258 because they can change a result.

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Appeal would take months, what would happen during that time?

Suggested remedy -- new election with new roll.

- 050 DiLorenzo Objected to Section 313d retroactive provision to allow all elections to be retroactive.

Suggested ask Secretary of State to call from the rolls, the names of persons who have not voted in awhile. Believes remedy of changing result of election departs with traditional remedy and gives rise to all kinds of complexities. Urged committee to

adopt amendments in a slightly different form.

- 105 Rep. Edwards Feared that DiLorenzo's solution would trigger an infinite election cycle.
Does not see this occurring.
- 113 DiLorenzo
- 156 Rep. Shetterly Expressed concern with court directing a different result of an election that is subject to challenge. Commented on criteria for challenges, page 1 of -23 amendments.
- 211 J. Nelson This (M50) is a new constitutional provision. Laws change, and there need to be new remedies for new laws.
Argued, whether a person is eligible to hold office is verifiable. Yet the remedy is a new election, not to change the result.
- 230 DiLorenzo
- 260 Tauman Agreed with prospective application, not retrospective.
Countered, the remedy of a new election is no remedy at all. Can have new election, votes will still not be accurate until after the election.
- 282 Rep. Shetterly This points out the difficulty with implementation of the double majority provision.
- 299 Thalhofer -23 will allow jurisdictions to determine number of eligible non-voters as of May 1, 1997. Believes Troutdale will reach 50 % requirement. Asked, what is more important than the right of a person to have their vote count? If Troutdale can't check eligibility of non-voters, the other voters have been disenfranchised.
- 327 Jerry Hanson From the perspective of assessors, this is a potentially major problem in September 1997 election. Main concern is potential remedy to contested election. Believes there will be a lot of them. Recommends if contested election due to double majority, they would extend an operating levy until year after election. Recommended holding off until after decision.
Also, require district that contests an election to tell assessor at time they certify levy.

WORK SESSION -- SB 60-A

- 428 Vice Chair Beyer Closed work session on HB 2048A; reopened work session on SB 60A.
- 457 Rep. Strobeck **MOTION TO MOVE SB 60A TO THE FLOOR WITH A DO PASS RECOMMENDATION.**
- 463 All Questions and discussion on whether to adopt SB 60-A9 amendments.

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- 049 Rep. Edwards **AMENDED MOTION, TO MOVE SB 60-A9 AMENDMENTS INTO SB 60A.**
- 056 Vice Chair Beyer **ASKED FOR ANY OBJECTIONS TO AMENDING THE MOTION TO MOVE SB 60-A9 INTO SB 60A. REP. STROBECK OBJECTED.**

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

057 VOTE **MEMBERS VOTING NO: REP. STROBECK.**

MEMBERS EXCUSED: REP. LEWIS, CHAIR BRIAN.

MOTION CARRIED.

061 Vice Chair **MOTION ALREADY ON THE FLOOR IS TO MOVE SB 60A AS AMENDED**
Beyer **TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

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

065 VOTE **MEMBERS EXCUSED: REP. LEWIS, CHAIR BRIAN.**

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

075 Vice Chair Closed work session on SB 60A. Adjourned meeting at 5:10 p.m.
Beyer

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

- A. SB 60, Puchy, Statement on SB 60 by Oregon Department of Fish and Wildlife, 2 pp.
- B. SB 60, Puchy, Projected Effects of SB 60 (A-Engrossed) on Nongame Tax Checkoff Participation and Revenue, 7 pp.
- C. SB 60, Conley, Salem Audobon Society, Testimony of James Conley Before the House Revenue Committee Concerning SB 60, 2 pp.
- D. SB 60, Nebel, Proposed Amendments: SB 60 -A9, 1 p.
- E. SB 60, Hooker, Alzheimer's Association, letter from Karen Hooker, 1 p.
- F. SB 1103, Reeder, Proposed Amendments: SB 1103 -A4, 3 pp.
- G. SB 1103, Reeder, Proposed Amendments: SB 1103 -A5. 1 p.
- H. SB 1103, Reeder, Revenue Impact of Proposed Legislation, 1 p.
- I. SB 1103, Reeder, Barbara Kanz, CoOndominium Working Group, Proposed Amendments to A-Engrossed Senate Bill 1103, 1 p.
- J. SB 1103, Hamrick, Testimony on SB 1103-A, Presented by: James M. Hamrick, Jr., 3 pp.
- K. SB 1103, Ebner, Historical Projection of Taxes, 1 p.
- L. HB 2048, Scherzinger, Proposed Amendments: SB 1215-23, 4 pp.