

**WORK SESSION: SB 388 & HB 2048**

**TAPES 251-252 Side A**

**HOUSE REVENUE COMMITTEE**

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**JULY 1, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING**

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**MEMBERS PRESENT:** Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair (9:10-9:25 absence)

Rep. Tony Corcoran

Rep. Randall Edwards (9:10 arrival)

Rep. Anitra Rasmussen (9:10 arrival)

Rep. Lane Shetterly

Rep. Mark Simmons (9:15 arrival)

**MEMBERS EXCUSED:** Rep. Leslie Lewis

Rep. Ken Strobeck

**WITNESSES PRESENT:** Rep Bob Jenson, District 57

**STAFF PRESENT:** James Scherzinger, Legislative Revenue Officer

Ed Waters, Legislative Revenue Office Economist

Kimberly Taylor James, Committee Assistant

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**TAPE 0251 SIDE A**

011 CHAIR BRIAN called meeting to order at 9:00 a.m. as a subcommittee until a quorum of members are present. Chair outlined the work of the committee for the day. Quorum present 9:05 am.

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**WORK SESSION - SB 388**

026 CHAIR BRIAN explained SB 388 enacted the earned income tax credit as fully refundable. SB 388A-8 retains the credit for the 1997-99 on a nonrefundable basis, the fiscal impact is biennium \$34 million (for both earned income and child care credits contained in the bill), and is accounted for in the budget. SB 388 is a part of the "summit agreement." (Exhibits 1 & 2)

Discussion

073 ED WATERS further explained SB 388A-8 also contains a test for maximum amount of investment income.

076 REP. BEYER asked if it is a hard line qualification or phase.

077 WATERS responded it is a hard line and tied to the same criteria as that is use for eligibility the federal earned income credit and is indexed for inflation.

080 CHAIR BRIAN clarified SB 388 A-8 contains both a child care credit (apx. \$14 million fiscal impact) and an earned income tax credit (apx. \$18 million fiscal impact).

093 REP. BEYER asks if it effects mostly the middle and above income.

095 WATERS confirms yes, nonrefundable credits do not help those who do not have a tax liability.

102 MOTION: REP. BEYER MOVED ADOPTION OF THE SB 388A-8.

104 ORDER THERE BEING NO OBJECTION, THE CHAIR ORDERED .

106 MOTION: REP. SHETTERLY MOVED SB 388 AS AMENDED TO THE FLOOR  
WITH A DO PASS RECOMMENDATION.

111 VOTE IN A ROLL CALL VOTE THE MEASURE PASSED 6-0-3.

VOTING AYE: BRIAN, BEYER, CORCORAN, EDWARDS,  
RASMUSSEN, SHETTERLY.

EXCUSED: LEWIS, SIMMONS, STROBECK

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#### WORK SESSION HB 2048

136 CHAIR BRIAN clarified when motions are made on the SB 1215 amendments it is with the understanding that they are for adoption in HB 2048.

143 SCHERZINGER reviewed the HB 2048 -32 amendments which relate to consolidations. This amendment contains largely corrections. Substantive changes are on page 4 regarding consolidations of cities where one city does not have a tax and the other does (i.e., Rivergrove and Lake Oswego). Scherzinger clarified this is in reference to the cities' portion of the law and does not provide for other kinds of consolidations or annexations. Scherzinger believes situations with permanent rates differ. (Exhibit 3)

233 Questions and discussion

314 ORDER CHAIR BRIAN NOTING NO OBJECTIONS, ORDERED ADOPTION  
OF THE -32 AMENDMENTS INTO HB 2048.

372 SCHERZINGER reviewed the HB 2048-34 amendment relating to a situation when a city is in heavy compression (i.e., Morrow). There are two sections: 1) deals with a general situation where a city has M47 taxes that are greater than M50, the city will get the lesser (setting a floor). (Exhibit 4)

371 Questions and discussion

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TAPE 252 SIDE A

001 SCHERZINGER continued review of -34 amendments. 2) deals basically with the city of Heppner which returns the city to the same treatment as under M50. Remaining sections in this amendment deal with how the Department of Revenue (DOR) will implement these sections. The blanks in the amendment are \$228 thousand and .25 of 1%..

070 ORDER CHAIR BRIAN NOTING NO OBJECTIONS, ORDERED ADOPTION  
OF THE -34 AMENDMENTS INTO HB 2048 INCLUDING THE \$228  
THOUSAND AND .25 OF 1%..

078 SCHERZINGHER reviewed the HB 2048-35 which is a bonding amendment containing language on maintenance for determination of exempt bonded debt. This amendment relates to the Beaverton and Corvallis situation. (Exhibit 5)

104 ORDER CHAIR BRIAN NOTING NO OBJECTIONS, ORDERED ADOPTION  
OF THE -35 AMENDMENTS INTO HB 2048

114 REP. BOB JENSON presented SB 1215-A42 amendments which contain language that remedies taxing districts that have an abnormally low tax year resulting from offsets (i.e., City of Echo in

Umatilla County) . The losses are added back on to determine a realistic base. (Exhibit 6)

149 MOTION REP. BEYER MOVED ADOPTION OF THE SB 1215A42

AMENDMENTS INTO HB 2048

152 SCHERZINGER noted this will add back all offset including severance and suggested further review.

Discussion

159 CHAIR BRAIN expressed the intent is to try to assist the community by offsetting the effect of the Union Pacific case.

170 REP. JENSON stated he would have no objection in any way to the committee doing what was best on that, they want to address what he thinks is an inequity.

173 CHAIR BRIAN suggested adopting the -42 amendments conceptually with the understanding that offset is not all the various severance offsets but is specific to the Union Pacific case.

177 SCHERZINGER cautioned there may be some other appeals offsets.

117 REP. RASMUSSEN requested further information.

178 CHAIR BRIAN agreed.

180 CHAIR BRIAN recessed the committee at 9:40 AM to return at call of the Chair.

FOR CONTINUATION OF THE RECORD OF THIS MEETING REFER TO THE JULY 1, 1997 **PM**  
RECORD AND AUDIO TAPES.

Kimberly Taylor James

Committee Assistant

Exhibit Summary:

1. SB 388-A8, 6/27/97, 1p.
2. Waters, table, Refundable vs. Non-refundable Credits in SB 388 A, LRO, 6/26/97, 2p.
3. HB 2048-A32, 6/27/97, 2p
4. HB 2048-A34, 6/28/97, 2p.
5. HB 2048-A35, 6/28/97, 2p.
6. (HB 2048) SB 1215-A42, 6/30/97, 1p.

**PUBLIC HEARING & WORK SESSION:**

**HB 3411, SB 1143-A, SB 355**

**WORK SESSION: HB 2048A (SB 1215A), SB 346-A, HB 3748-A**

**TAPES 253, 254 A/B; 255, 256 A/B, 257 A**

**HOUSE REVENUE COMMITTEE**

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**JULY 1, 1997 5:30 PM HEARING ROOM E STATE CAPITOL BUILDING**

**(CONTINUATION OF JULY 1, 1997 MEETING: SEE ALSO JULY 1, 1997 AM MINUTES)**

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**MEMBERS PRESENT:** Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Randall Edwards

Rep. Leslie Lewis

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

**MEMBERS EXCUSED:** Rep. Tony Corcoran

**WITNESSES PRESENT:** Tom Linhares, Columbia County Assessor

Rep. Bob Jenson, District 57

Jerry Hanson, Washington County Assessor

John DiLorenzo, Oregon Taxpayers United

Scot Sideras, Department of Revenue

Jim Manary, Department of Revenue

David Carmichael, Eugene

Gary Carlson, Associated Oregon Industries

Gil Riddell, Association of Oregon Counties

Chuck Smith, Oregon State Treasury

Rollie Wisbrock, Oregon State Treasury

Ossie Rose, Confederation of Oregon School Administrators

Jeanne Arana, Oregon Winegrowers Assoc.

Kevin Mannix, Kaib's Roving Pharmacy

Susan Browning, Department of Revenue

Ray Crawford, Klamath Falls City Schools

**STAFF PRESENT:** Jim Scherzinger, Legislative Revenue Officer

Steve Meyer, Economist

Dick Yates, Economist

Barbara Guardino, Committee Assistant

**TAPE 253 SIDE A**

**WORK SESSION -- HB 2048A (SB 1215)**

009 Vice Chair Beyer Called meeting to order at 5:30 p.m. Opened work session on HB 2048A, interjecting SB 1215 amendments.

011 Jim Scherzinger Discussed SB 1215 -37 (EXHIBIT A) amendments, special assessments.



Line 12: Veterans exemptions, converts from Real Market Value (RMV) exemption to Assessed Value (AV) exemption. Amendment in Senate side, to grow by 3 % per year.

- 035 Rep. Lewis Questions and discussion concerning this exemption conforming with HB 3710.
- 083 Scherzinger Continued discussion of SB 1215 -37 amendments, special values for farms and forest homesites. Section 158. Per acre value is lower for large parcel than for smaller parcel..
- 116 Rep. Lewis Asked, if RMV falls below special value, does maximum assessed value (MAV) quit growing?
- 130 Scherzinger Special value could drop, or actual market value could drop. In that event, MAV would freeze. No freeze if special value drops.
- 155 Tom Linhares Explained, on homesites, special value is based on market value. If market value drop, special home site value will drop too. RMV can be higher, but not lower.
- 171 Vice Chair Beyer Urged committee to move quickly on items already discussed.
- 184 Rep. Edwards **MOTION TO MOVE SB 1215 -37 AMENDMENTS INTO HB 2048A.**
- 188 Vice Chair Beyer **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 1215 -37 INTO HB 2048A. NOTING OBJECTION FROM REP. LEWIS, CHAIR SO ORDERED.**
- 195 Scherzinger Discussed SB 1215 -38 amendments (EXHIBIT B). Senate's change to definition of minor construction.
- 213 Rep. Lewis Objected to amendment, violates HB 3710.
- 215 Vice Chair Beyer Committee will not adopt -38 amendments.
- 221 Scherzinger Directed members' attention to SB 1215 -33 amendments, calculation (EXHIBIT C).
- 256 Rep. Jenson Directed members' attention to SB 1215 -A45 (EXHIBIT D), Boardman annexation. Rep. Shetterly's HB 2048 -A45 amendments are identical (EXHIBIT E).
- 301 Rep. Shetterly **MOTION TO MOVE HB 2048 -A45 AMENDMENTS INTO HB 2048.**
- 303 Vice Chair Beyer **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2048 -A45 INTO HB 2048A. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 309 Scherzinger Referred to SB 1215 -42 amendments (See Exhibit 6 from morning session). Continued discussion from morning session. Way they are written, they apply to all offsets. Offsets for schools would not be affected because they are under compression. In order to limit them to appeals offsets, they would have to be changed. Eight counties have appeals offsets.
- 356 Vice Chair Beyer No language written at this point, still considering which version.  
**ASKED MEMBERS FOR ANY OBJECTIONS TO ADOPTING SB 1215 -42 AMENDMENTS AS AMENDED BY CONCEPTUAL LANGUAGE. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

- 370 Rep. Jenson Agreed with this approach.  
Directed members' attention to HB 2048 -A43 (EXHIBIT F). Deals with community college local option. House Revenue Committee version. Limits community local option so tax imposed cannot exceed reduction amount in ad valorem taxes caused by M50.
- 374 Scherzinger
- Questions and discussion.
- 432 Rep. Edwards Suggested committee not adopt this, timing is wrong.

**TAPE 254 SIDE A**

- 032 Vice Chair Beyer **MOTION TO MOVE HB 2048-A43 AMENDMENTS INTO HB 2048A.**
- 036 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2048 -A43 AMENDMENTS INTO HB 2048A. NOTING OBJECTION OF REP. EDWARDS, CHAIR SO ORDERED.**
- 065 Rep. Lewis HB 2048 -A35 amendments (EXHIBIT G). Comes from a constituent problem, his property is in computer trending of property in rural area. Constituent's problem, the way lawmakers wrote M50, he rolls back to 1995-6 less 10 %. This would give him (and others) the lower of 1994-95 RMV, or 1995-6 minus 10 %.
- Refer see letter from Judge Carl N. Byers (EXHIBIT H).
- 106 Scherzinger Commented on Lewis' amendments. Quite a few people would benefit from this. Commented on -A35 amendments. Under M47, assessors compared taxes, still phasing down M5, reduction during 1995. Very unlikely any property tax would be lower in 1994. Lot of reasons why value would be lower in this scenario (new construction, appeals, etc.). Would take lot of work to decide reason for lower value, whether it would equate to a trending issue.
- 138 Jerry Hanson
- Questions and discussion.
- Summarized, three issues: Judge Byers proposed to change "gross error standard.". Can currently appeal 1995-6 value, on three grounds:
- 202 Scherzinger
- 1) Gross error standard, if error greater than 20 %. Judge felt 5 % error was too low.
  - 2) Supervisory authority - good and sufficient cause, other reason.
  - 3) Use different year as basis.
- 264 Linhares Noted, assessor must agree that value is too high and could be lowered by an appeal. One reason to allow Department of Revenue to hear an appeal, from 1995 is, taxpayer and assessor agree that an error may exist on roll. That may be an avenue for a constituent to appeal. This could be simplest solution for Lewis' constituent.
- 309 John Testified in support of HB 2048 -A35 amendments. Believes they help mimic M47's

- DiLorenzo application.
- 387 Rep. Strobeck Noted, no longer supports amendments.
- 393 All Questions and discussion concerning DiLorenzo testimony Vice Chair Beyer expressed concern that -A35 amendments will create a tax shift.

**TAPE 253 SIDE B**

- 027 Rep. Lewis Noted, this case is not considered an error, it is computer trending.
- 030 Linhares Refer to written document "Patrice Delamare, Summary of 1994-95 taxes ..." (EXHIBIT I). Marion County.
- 067 DiLorenzo Suggested an alternative way. Allow person to elect to go with lower of 1994-5 or 1995-6 minus 10 %. Advantage, avoids shift. Problem is, permanent rate has already been calculated, taxing authorities lose revenue.
- County assessors have a structured appeal process from Department of Revenue. It has to do with gross errors as a threshold for getting standing.
- 112 Hanson It has to be put into statute to work.
- 121 Vice Chair Beyer Suggested adopting a conceptual amendment that would allow Scherzinger to work with Department of Revenue to put in a section in statute to give people access to tax court to deal with this.
- 128 Chair Brian Expressed concern that too many people would use this.
- Refer to "Proposed Amendments to SB 1215 A Engrossed (Offered by the Oregon Judicial Department)" (EXHIBIT J). Senate has transferred supervisory power from Department of Revenue to tax court. Tax court is prepared for this, but will need
- 150 Scot Sideras some guidance as to how to deal with situations like Rep. Lewis' constituent.
- Concerning appeal rights, three avenues: Assessor board, by returning power to assessor, give to tax court.
- 200 All Questions and discussion.
- Judge is not saying supervisory power if vested in tax court cannot address Rep. Lewis' situation. There are a number of different planks to supervisory power. Gross error set at 20 %. If lowered to 5 %, there would be dramatic consequences. Other plank to supervisory power is ability to appeal to discretion of body, either
- 252 Sideras Department of Revenue or Tax Court.
- Problem is, giving supervisory power to judiciary body. Tax Court does not have rule making power.
- Objected vehemently to idea. Thought legislature in 1995 started moving all hearings processes over to magistrate. Now, it is apparent it is not a good idea, to move supervisory power. Due to M47, there will be inequities frozen into any given year. To undo it, everyone would have chance to appeal old values.
- 328 Jim Manary Believes Rep. Lewis' constituent's situation is relatively simple. File supervisory

- 367 David Carmichael appeal and set forth problems. One of the provisions of the supervisory authority is, parties who appeal agree to facts. This amendment is overkill. All a taxpayer needs to do is file an appeal and get a supervisory hearing.
- 441 Sideras Cautioned, if supervisory power remains with department, any corrections to bill must be carefully made.
- 472 All Questions and discussion on supervisory authority.

**TAPE 254 SIDE B**

- 039 Scherzinger Interpreted Sideras' suggestion: Line 34 page 2, of bill, add "exercise of supervisory authority" to list.
- 047 Rep. Lewis **MOTION TO ADD CONCEPTUAL AMENDMENT "EXERCISE OF SUPERVISORY AUTHORITY" TO HB 2048A, PAGE 2, LINE 34.**
- 052 Chair Brian **ASKED MEMBERS FOR ANY OBJECTION TO A CONCEPTUAL AMENDMENT, "EXERCISE OF SUPERVISORY AUTHORITY" TO HB 2048A, PAGE 2, LINE 34. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 054 Gary Carlson Asked members to treat all property same with regard to gross error issue, not just residential. Gross errors will occur more often in non-residential property.
- 075 Manary Cautioned members against opening up supervisory authority for more and more instances.
- 096 Gil Riddell Agreed with Manary's concerns. This is not needed to implement M50.
- 120 Manary In regard to treating all properties the same, recalled discussion in 1991 when committee restricted this to residential. In old system, property owners whose values increased got notices, and appealed. Under M5, everyone got value notices, discussion was that residential should get benefit of gross error because they were less knowledgeable in terms of appealing.
- 154 Rep. Lewis Would support allowing other types of properties to be treated equally.
- 160 Vice chair Beyer Does not believe this is a M50 implementation problem. Should have this discussion at another time.
- 179 Chair Brian Urged committee to move on, put this issue on hold.
- 199 Scherzinger Reviewed HB 2048 -A33 (EXHIBIT K) Certification of urban renewal district was not processed properly in City of Redmond, so urban renewal taxes were not collected 1996-97. Request is to use authority within M50 to pay debt of existing plans to allow City of Redmond to impose taxes from this year in addition to normal urban renewal. Grandfather levy.
- 255 Vice Chair Beyer **MOTION TO MOVE HB 2048-A33 AMENDMENTS INTO HB 2048A.**
- 256 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2048 -A33 AMENDMENTS INTO HB 2048. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- Reviewed SB 1215 -33. (This is Senate version of HB 3710). Senate added these amendments to change it from using code area limits to using property-by-property

- limits. These sections do not exist in current HB 2048A. Adds to Senate bill, a freeze on maximum assessed value. Adds definition of minor construction.
- 265 Scherzinger
- Section 20: Calculation, statement of purpose.
- 309 Rep. Lewis Asked for difference between permanent rate limit and statutory rate limit for operating taxes.
- 320 Scherzinger Explained difference.
- 343 Rep. Lewis Asked to flag issue permanent/statutory rate limit.  
Resumed discussion of SB 1215 -33 amendments.
- 365 Scherzinger Section 21: Definition local option tax, gap bonds, Portland Police and Fire System levies, etc.  
Section 22: Certification section of districts of taxes by type.
- 396 Scherzinger Section 23: Urban renewal certification
- 438 Scherzinger Section 24: Tells assessor how to calculate M5 taxes.

#### **TAPE 255 SIDE A**

- 037 Scherzinger Section 25: Determines M47 comparison taxes for a district. Adjustments for Hillsboro are addressed in Subsection 9.
- Section 26: Determines pre-reduction M50 taxes. Takes out anything not subject to reduction.
- 109 Scherzinger Section 28: Calculates percentage reduction (20 % gap) for each taxing district and code area in county.  
Section 29: Department of Revenue calculates state-wide gap and adjust it to 17 %.
- 123 Scherzinger Calculates supplemental reduction to achieve a state-wide average reduction of 17 % in listed levies.
- 183 Scherzinger Section 29(a): Determination of reduction for schools that must be replaced.
- 186 Scherzinger Section 30: Deals with what happens if additions to value exceed 4 % growth over two years.
- 199 Scherzinger Section 31: Prepares to calculate M50 taxes.  
Section 32: Assessor determines post-reduction M50 taxes. Amendments being prepared relating to code area compression.
- Section 6: Assessor calculates rates for gap bonds, Portland Police and Fire System, local option, bonded debt taxes. Determine rates by dividing by assessed value, then determining rate for each district.
- 295 Scherzinger
- 318 All Questions and discussion.
- 360 Scherzinger Section 32a: For taxing districts that are not schools, assessor must offset timber severance taxes.
- 391 Scherzinger Sections 33, 34: Determine grandfather levy for urban renewal.

429 Scherzinger Section 35: Calculates property-by-property compression.

**TAPE 256 SIDE A**

023 Scherzinger Section 36: Adds Heppner language.

038 Scherzinger Section 252: Offsets timber taxes against permanent rates.  
Section 260: Requires categorization of levies.

044 Scherzinger Subsection 3: Property by property compression under M5.

082 Scherzinger Sections 261, 261: Requirements to establish system of code areas; reference changes.

088 Vice Chair Beyer **MOTION TO MOVE SB 1215 -33 AMENDMENTS INTO HB 2048A.**

099 Chair Brian **ASKED FOR ANY OBJECTIONS TO MOVING SB 1215 -33 AMENDMENTS INTO HB 2048A. NOTING REP. EDWARDS' OBJECTION, CHAIR SO ORDERED.**

116 Chair Brian This concludes SB 1215 amendments.

152 Riddell Requested conceptual amendment having to do with make-up of Board of Property Tax Appeals: Page 92, line 44, insert "or their designees".

165 Vice Chair Beyer **MOTION TO CONCEPTUALLY AMEND SB 1215, PAGE 92, LINE 44 BY INSERTING AFTER WORD "BODY", "OR THEIR DESIGNEES."**

175 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO CONCEPTUAL AMENDMENT TO SB 1215, PAGE 92, LINE 44. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

184 Chair Brian Asked whether Sections 429, 430, 433 conform to SB 1103 dealing with historic property.

187 Scherzinger Conflict amendments will be necessary.

235 Vice Chair Beyer **CONCEPTUAL MOTION: THAT HB 2048A WITH ADOPTED AMENDMENTS BE MERGED INTO SB 1215, AND THAT CHAIR BE AUTHORIZED TO WORK WITH SENATE REVENUE CHAIR TO COME TO FINAL RECOMMENDATIONS.**

255 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOTION. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

**WORK SESSION -- SB 346A**

260 Chair Brian Closed work session on HB 2048A. Opened public hearing on SB 346A, \$150 million education bond referral.

308 Steve Directed members' attention to SB 346 -A59 amendments (EXHIBIT M). Page 1, line 4, delete lines 5 - 24. Section 1 requires Legislative Assembly to enact legislation to

- Meyer establish a state education lottery bond program.
- 378 Vice Chair **CONCEPTUAL AMENDMENT: MOTION TO ADD TO LINE 22, WORDING**  
Beyer **"OR A RESERVE FOR THESE PURPOSES". HEARING NO OBJECTIONS,**  
**CHAIR SO ORDERED.**
- 420 Rollie  
Wisbrock On behalf of Oregon State Treasury, in favor of SB 346-A.
- 435 Vice Chair **MOTION TO MOVE SB 346 -A59 AMENDMENTS AS CONCEPTUALLY**  
Beyer **AMENDED INTO SB 346A.**
- 442 Chair Brian **ASKED FOR ANY OBJECTIONS TO MOVING SB 346 -A59 AMENDMENTS**  
**AS CONCEPTUALLY AMENDED INTO SB 346A. HEARING NO**  
**OBJECTIONS, CHAIR SO ORDERED.**
- 445 Vice Chair **MOTION TO MOVE SB 346A AS AMENDED TO THE FLOOR WITH A DO**  
Beyer **PASS RECOMMENDATION.**
- 469 Rep. Lewis Asked, in which bill is the funding formula?

#### **TAPE 255 SIDE B**

- 024 Meyer HB 2192 still contains basic distribution formula language. HB 2855 contains local option.  
SB 346 contains submission of bond vote; HB 3411 is implementation for bond program.  
**6 - 0 - 2**
- IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, LEWIS,**  
**SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**
- 039 **VOTE MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**

**MOTION CARRIED.**

#### **PUBLIC HEARING & WORK SESSION -- HB 3411**

- 049 Chair Closed work session on SB 346A. Opened public hearing and work session on HB  
Brian 3411.  
Explained, HB 3411 is implementation language for education bonds. HB 3411-4  
(EXHIBIT N).
- 057 Steve  
Meyer Page 2, line 30, definition of state education projects. Page 3, line 7, add word  
"reserves" to bring same language as HB 2192.
- 065 Rep. Lewis **CONCEPTUAL AMENDMENT: MOTION TO ADD "RESERVES" TO HB**  
**3411-4, PAGE 3, LINE 7.**
- 067 Chair **ASKED MEMBERS FOR ANY OBJECTIONS TO CONCEPTUAL**  
Brian **AMENDMENT TO ADD "RESERVES" TO HB 3411-4, PAGE 3, LINE 7.**  
**HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

Section 4, page 3: Intent to pay state education lottery bond debt service from Education Endowment Fund.

068 Meyer

Page 4, line 7: \$150 in net proceeds to pay cost of education projects; School Capital Construction, Maintenance and Technology Fund established.

109 Rep.  
Edwards

Asked, if delaying issuance of bonds, what about 1998-99 school year?

127 Ossie Rose

Bond proceeds will be available in January 1999. Worst case scenario is school districts would have to borrow in fall. School fiscal year begins July 1.

166 Vice Chair  
Beyer

**MOTION TO MOVE HB 3411 -4 AMENDMENTS AS AMENDED INTO HB 3411.**

173 Rep. Lewis

Asked for clarification in Section 16. Why is channel deepening in this section?

178 Chuck  
Smith

SB 710 authorized channel deepening project that would use lottery funds, but not lottery revenue bonds. Trying ensure lottery revenue bonds have a second lien parity on lottery revenues to ensure best market conditions.

194 Chair  
Brian

**ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 3411 -4 AMENDMENTS INTO HB 3411. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

196 Vice Chair  
Beyer

**MOTION TO MOVE HB 3411 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION AND FURTHER, RESCIND SUBSEQUENT REFERRAL TO WAYS AND MEANS.**

**7 - 0 - 2**

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

202 VOTE

**MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**

**MOTION CARRIED.**

### **WORK SESSION -- HB 3748A**

212 Chair Brian

Closed work session on HB 3411. Opened work session on HB 3748A. Intent not to move bill, but to bring amendments onto the table. Pertain to flexible funding account.

275 Dick Yates

Directed members' attention to HB 3748 -A23 amendments. Refer to bill, Section 30, page 28, lines 37-41, describe calculation of income tax revenues.

Page 29: Percentage distributions of monies transferred.  
Questions and discussion interspersed.

Asked for alternative to word "Sizable" in describing private sector investments.  
Can change word to a number later.



444 Chair Brian

460 Vice Chair  
Beyer

**MOTION TO MOVE HB 3748 -A23 AMENDMENTS INTO HB 3748A.**

**ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 3748 -A23  
AMENDMENTS INTO HB 3748A**

462 Chair Brian

465 Reps. Lewis,  
Edwards

**OBJECTED.**

**5 - 2 - 2**

**IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. SHETTERLY,  
SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

480 VOTE

**MEMBERS VOTING NO: REPS. EDWARDS, LEWIS.**

**MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**

**MOTION CARRIED.**

### **TAPE 256 SIDE B**

Directed members' attention to HB 3748 -18 amendments (EXHIBIT S); and HB 3748 -  
A02 amendments.

046 Yates

Counsel worked from -18 in drafting -A02 amendments. Talking about reviewing cost  
responsibility.

087 Vice  
Chair  
Beyer

**MOTION TO CONCEPTUALLY ADOPT HB 3748 -A02 AMENDMENTS INTO  
HB 3748A.**

095 Chair  
Brian

**ASKED MEMBERS FOR ANY OBJECTIONS TO CONCEPTUALLY  
ADOPTING HB 3748 -A02 AMENDMENTS INTO HB 3847A. HEARING NO  
OBJECTIONS, CHAIR SO ORDERED.**

098 Chair  
Brian

Directed members' attention to HB 3748 -A21 amendments (EXHIBIT U). Asked  
committee to review these amendments to be considered at next session. Closed work  
session on HB 3748A.

### **PUBLIC HEARING & WORK SESSION -- SB 1143A**

122 Chair Brian

Opened work session on SB 1143A, changes personal property tax on machinery  
and equipment used for the purpose of making wine. Directed members' attention to  
SB 1143 -A10 amendments (EXHIBIT V).

133 Rep. Lewis

**MOTION TO MOVE SB 1143 -A10 AMENDMENTS INTO SB 1143A.**

- 137 Jeanne Arana Noted, this amendment contains exact language that committee passed without objections, and passed floor of House.
- 145 Gil Riddell Objected to amendments. Believes it was committee's intention to narrow focus to help small wineries just getting started. New language in Section 2 could apply to any wine owner.
- 168 Rep. Lewis Bill keeps with way personal property is treated for farmers. With other farm equipment, state does not separate out small/large farmers.
- 179 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 1143 -A10 AMENDMENTS INTO SB 1143A. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 184 Chair Brian Directed members' attention to SB 1143 -A11 (EXHIBIT W).
- 187 Kevin Mannix Directed members' attention to SB 1143 -A8 amendments (EXHIBIT X); and SB -A9 amendments (EXHIBIT 9). Independent pharmacists.
- 193 Vice Chair Beyer **MOTION TO MOVE SB 1143 -A9 AMENDMENTS INTO SB 1143A.**
- 195 Mannix Prefers SB 1143 -A8 is version he prefers. Would prefer not to have SB 1143 -a9 because it contains a sunset clause.
- 219 Chair Brian **ASKED FOR ANY OBJECTIONS TO MOVING SB 1143 -A9 AMENDMENTS INTO SB 1143 -A.**
- 244 Susan Browning Pointed out, specifying they are independent contractors exempts them from withholding requirements from employers; and from unemployment benefits. They would pay estimated taxes.
- 258 Reps. Lewis, Simmons **OBJECTED TO MOVING SB 1143-A9 AMENDMENTS INTO SB 1143 -9.**
- 5 - 2 - 2**
- IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, SHETTERLY, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**
- 260 **VOTE** **MEMBERS VOTING NO: REPS. LEWIS, SIMMONS.**
- MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**
- MOTION CARRIED.**
- 269 Reps. Lewis, Simmons **MOTION TO SUBSTITUTE SB 1143 -A8 AMENDMENTS FOR SB 1143 -A8 AMENDMENTS.**

3 - 4 - 2

**IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. LEWIS, SIMMONS; CHAIR BRIAN.**

**279 VOTE MEMBERS VOTING NO: REPS. EDWARDS, SHETTERLY, STROBECK; VICE CHAIR BEYER.**

**MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**

**MOTION FAILED.**

306 Dick Yates Reviewed SB 1143 -A11 amendments: Discontinue tax imposed on wholesale prices of oil marketers to support Oil Heat Commission. Limit they can impose is 3.5 %. This would cut this off after July 1.

343 Rep. Shetterly **MOTION TO MOVE SB 1143 -A11 AMENDMENTS INTO SB 1143A.**  
Declared conflict of interest, left the room.

350 Rep. Lewis  
Questions and discussion.

396 Chair Brian Bill's author, Rep. Repine, should have opportunity to address it before committee.

402 Rep. Shetterly **TABLED MOTION.**

423 Chair Brian Closed work session SB 1143. Opened public hearing on SB 355.

### **PUBLIC HEARING & WORK SESSION -- SB 355**

#### **TAPE 257 SIDE A**

- 004 Ray Crawford Directed members' attention to SB 355 -3 amendments (EXHIBIT CC).  
Two school districts merged. Overlap area exists. Asking to amend language to keep same Average Daily Membership, avoid losing money.
- 039 Vice Chair Beyer **MOTION TO MOVE SB 355 -3 AMENDMENTS INTO SB 355.**
- 041 Chair Brian **ASKED FOR ANY OBJECTIONS TO MOVING SB 355 -3 AMENDMENTS INTO SB 355. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 043 Rollie Wisbrock Reviewed SB 355 -2 amendments. Allow investment of educational endowment fund, etc. in equities at a maximum of 65 %.
- 068 Rep. Edwards **MOTION TO MOVE SB 355 -2 AMENDMENTS INTO SB 355.**
- 092 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 355 -2 AMENDMENTS INTO SB 355. HEARING NO OBJECTION, CHAIR SO ORDERED.**
- 097 Vice Chair **MOTION TO MOVE SB 355 AS AMENDED TO THE FLOOR WITH A DO**

Beyer **PASS RECOMMENDATION.**  
**7 - 0 - 2**

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

100 VOTE

**MEMBERS EXCUSED: REPS. CORCORAN, RASMUSSEN.**

**MOTION CARRIED.**

120 Chair Brian Adjourned meeting at 9:27 p.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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**EXHIBIT SUMMARY:**

A. HB 2048, Scherzinger, Proposed Amendments: SB 1215-37, 21 pp.

B. HB 2048, Scherzinger, Proposed Amendments: SB 1215 -38, 1 p.

C. HB 2048, Scherzinger, Proposed Amendments: SB 1215 -33, 28 pp.

D. HB 2048, Jenson, Proposed Amendments: SB 1215 -A45, 1 p.

E. HB 2048, Shetterly, Proposed Amendments: SB 2048 -A45, 1 p.

F. HB 2048, Scherzinger, Proposed Amendments: HB 2048 -A43, 1 p.

G. HB 2048, Lewis, Proposed Amendments: HB 2048 -A35, 2 pp.

H. HB 2048, Lewis, Oregon Tax Court letter from Judge Carl N. Byers, 1 p.

I. HB 2048, Linhares, Patrice Delamare: Summary of 1994-95 taxes, 1 p.

J. HB 2048, Sideras, Proposed Amendments to SB 1215 A Engrossed (Offered by the Oregon Judicial Department), 2 pp.

K. HB 2048, Scherzinger, Proposed Amendments: HB 2048 -A33, 1 p.

L. SB 1215, Scherzinger, Proposed Amendments: SB 1215 -33, 28 pp.

M. SB 346, Meyer, Proposed Amendments: SB 346 -A59, 2 pp.

N. HB 3411, Meyer, Proposed Amendments: HB 3411 -4, 16 pp.

O. HB 3748, Yates, Proposed Amendments: HB 3748 -A23, 1 p.

P. HB 3748, Yates, Revenue Impact of Proposed Legislation, 4 pp.

Q. HB 3748, Yates, Fiscal Analysis of Proposed Legislation, 2 pp.

R. HB 3748, Yates, Staff Measure Summary, 2 pp.

S. HB 3748, Simmons, Proposed Amendments: HB 3748 -18, 1 p.

T. HB 3748, Simmons, Proposed Amendments: HB 3748 -A02, 1 p.

U. HB 3748, Brian, Proposed Amendments: HB 3748 -A21, 1 p.

V. SB 1143, Brian, Proposed Amendments: SB 1143 -A10, 4 pp.

W. SB 1143, Brian, Proposed Amendments: SB 1143 -A11, 2 pp.

X. SB 1143, Mannix, Proposed Amendments: SB 1143 - A8, 1 p.

Y. SB 1143, Mannix, Proposed Amendments: SB 1143 -A9, 1 p.

A@. SB 1143, Hildebrand, Memo from Gerard W. Hildebrand, Pharmacists, 1 p.

AA. SB 1143, Derfler, letter from Senate Majority Leader Gene Derfler, 1 p.

AB. SB 1143, Lokan, letter from Rep. Jane Lokan, SB 1143 - Letter of Support, 1 p.

AC. SB 355, Crawford, Proposed Amendments: SB 355 -3, 1 p.

AD. SB 355, Wisbrock, Proposed Amendments: SB 355 -2, 2 pp.

AE. SB355, Wisbrock, Testimony in Support of SB 355 -2 To the House Revenue Committee, 1 p.