

WORK SESSION: HB 2047 PUBLIC HEARING & WORK SESSION: HB 2050 BILL  
INTRODUCTIONS: LC 1224, LC 1225, LC 1226, LC 2051, LC 2452

TAPES 31  
A/B, 32 A

HOUSE REVENUE COMMITTEE  
FEBRUARY 7, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair  
Rep. Lee Beyer, Vice-Chair  
Rep. Tony Corcoran (absent 9:05 - 9:22 a.m., departed 9:50 a.m.)  
Rep. Randall Edwards (arrived 9 a.m.)  
Rep. Leslie Lewis  
Rep. Anitra Rasmussen  
Rep. Lane Shetterly  
Rep. Mark Simmons  
Rep. Ken Strobeck

WITNESSES PRESENT: Tim Nesbitt, Oregon Public Employees Union  
Dave Heynderickx, Office of Legislative Counsel  
Roy Pulvers, Judicial Department  
Gary Carlson, Associated Oregon Industries  
Carol Samuels, League of Oregon Cities  
STAFF PRESENT: James Scherzinger, Legislative Revenue Officer  
Barbara Guardino, Committee Assistant

TAPE 031 SIDE A

009 Chair Brian Called meeting to order at 8:46 a.m.

PUBLIC HEARING - HB 2050

015 Jim Scherzinger HB 2050 accelerates litigation on M47. It allows any action filed in Marion County Circuit Court to be appealed before Supreme Court.

Determination of validity of M47;

Whether process of adoption of M47 complied with constitution;

Whether bonds are in base;

Whether local district can hold election for property tax outside cut

and

cap.

| These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's

1

| exact words. For complete context of proceedings, please refer to the tape recording.

1

House Committee on Revenue

February 7, 1997

041 Scherzinger Amendment HB 2050-2 (EXHIBIT A):

Section 1 Any of following actions that are within jurisdiction of a circuit court may be filed only in the Circuit Court for Marion County.

Amendments replace original bill.

068 Scherzinger Section 2 - relates to constitutionality.

Section 3 - deals with construction questions.

116 All Questions and discussion concerning why court cases are filed in Marion County.

144 Tim Nesbitt Refer to written testimony of James S. Coon, (EXHIBIT B). Concerned

that in setting up two separate processes that the committee will slow

down the process. Many of his concerns have been answered in HB 2050-2.

178 Rep. Corcoran Questioned use of words shall/may concerning Marion County jurisdiction of cases in the appeal process of M47.

193 Dave Heynderickx In explanation, discussed question of mandatory filing in Marion County.

24X Heynderickx Discussed distinction between circuit court versus tax court. Does not

anticipate lengthy trials concerning M47 implementation. Tax court goes

directly to Supreme Court; under Section 2 of HB 2050, issues in Circuit

Court of Marion County will go directly to Supreme Court as well.

286 Roy Pulvers Distinction between tax court and circuit court. Reason for split is expertise, faster overall treatment.

Tax court will get claims under M47 for several years as it did with M5.

Circuit court cases will address constitutionality questions of M47.

Still a possibility for a dispute concerning which court should hear a case.

391 Rep. Shetterly Commented that issue of jurisdiction conflicts has arisen before. HB

2050 -2 doesn't answer this question, but doesn't make it any less clear.

Leaves lawyers to decide which court to file in as they already do.

### **TAPE 032 SIDE A**

043 Chair Brian Closed public hearing, opened work session on HB 2050

### **WORK SESSION - HB 2050**

044 Vice Chair Beyer MOTION TO ADOPT HB 2050 -2 AMENDMENTS.

046 Chair Brian THERE BEING NO OBJECTIONS, CHAIR SO ORDERED.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording.

House Committee on Revenue

February 7, 1997

Page 3

048 Vice Chair Beyer MOTION TO PASS HB 2050 TO THE FLOOR WITH A DO  
PASS

AS AMENDED RECOMMENDATION.

050 Vote VOTE 8 - O (Vote *rescinded*. Refer to meter #208 for Rep.

Corcoran 's

vote)

IN A ROLL CALL VOTE, ALL MEMBERS PRESENT VOTED  
AYE: REPS. EDWARDS, LEWIS, RASMUSSEN, SHETTERLY,  
SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR  
BRIAN.

EXCUSED, REP. CORCORAN

073 Chair Brian MOTION CARRIED. REP. SHETTERLY WILL LEAD  
DISCUSSION ON THE FLOOR.

#### BILL INTRODUCTIONS::

074 Chair Brian Asked Gary Carlson to introduce three bills requested by  
Associated

Oregon Industries.

096 Gary Carlson Introduced:

- LC 1224 (EXHIBIT C) relating to taxation. Expands standing to appeal  
orders;

LC 1225 (EXHIBIT D) relating to taxation. Eliminates certain  
components of sales factor used to apportion income;

LC 1226 (EXHIBIT E) relating to taxation. Allows deduction  
for interest

received by individual, estate, or trust.

#### LC 1224

106 Chair Brian ASKED FOR ANY OBJECTIONS FROM MEMBERS. THERE  
BEING NO OBJECTION TO ENTERING LC 1224 AS A  
COMMITTEE BILL, CHAIR SO ORDERED.

#### LC 1225

111 Chair Brian ASKED FOR ANY OBJECTIONS FROM MEMBERS. THERE  
BEING NO OBJECTION TO ENTERING LC 1225 AS A  
COMMITTEE BILL, CHAIR SO ORDERED.

#### LC 1226

115 Chair Brian ASKED FOR ANY OBJECTIONS FROM MEMBERS. THERE

BEING NO OBJECTION TO ENTERING LC 1226 AS A COMMITTEE BILL, CHAIR SO ORDERED.

**| These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings please refer to the tape recording.**

House Committee on Revenue

February 7, 1997

Page 4

LC 2452

119 Scherzinger Introduced LC 2452 amendments to HB 2047 (EXHIBIT F): Tax calculation, annexation, rezoning, amendments that deal with appeals of

tax calculations. Comes from Department of Revenue.

160 Scherzinger Draft will be substantially revised.

187 Chair Brian THERE BEING NO OBJECTION TO ENTERING LC 2452 AS A COMMITTEE BILL, CHAIR SO ORDERED.

LC 2051

194 Chair Brian Introduced LC 2051 (EXHIBIT G), requested by Oregon Small Business Coalition.

Prohibits local governments from imposing industry specific sales taxes.

199 Rep. Corcoran OBJECTED TO INTRODUCING LC 2051 AS A COMMITTEE BILL.

203 Chair Brian NOTING THE OBJECTION OF REP. CORCORAN, CHAIR ORDERED INTRODUCTION OF LC 2051 AS A COMMITTEE BILL.

WORK SESSION HB 2050

208 Chair Brian REQUESTED MEMBERS ALLOW REP. CORCORAN TO CAST HIS VOTE ON THE MOTION TO PASS HB 2050 TO THE FLOOR WITH A DO PASS AS AMENDED.

211 Rep. Corcoran VOTED AYE. FINAL VOTE 9 - 0.

WORK SESSION HB 2047

214 Scherzinger Discussed Shift Classification Process chart (EXHIBIT H) Funding mechanism, meaning almost any type of fees or revenues except

state income taxes, gifts, federal aid. Governments must find whether it is a shift.

Two kinds: raising fee for own use; spending money raised by another

government.

Must publish findings, then classify by ordinance whether or not it is a shift. If it's a shift, must hold an election. If not a shift, advertise that it is not. 60-day appeal for this finding.

300 All Questions and discussion on shift classification process.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's

exact words. For complete context of proceedings, please refer to the tape recording.

1

House Committee on Revenue

February 7, 1997

Page 5

382 Carol Samuels Concerning the requirement to publish findings. Suggested take out section on findings. It is redundant.

418 Rep. Strobeck There is a difference between publishing (public record) versus advertising.

### **TAPE 031 SIDE B**

039 Scherzinger Shift Restriction Comparison (EXHIBIT I ) between HB 2047 and HB

2047-1. Slightly different from draft distributed Feb. 6. New pages, 5-6,

Shift Restriction Issues.

So far, committee has discussed:

Definition of shift, definition of fee, affirmative action, government product or service, shift transfer/conversion, definition of property tax

reductions (ongoing or one-time);

084 Scherzinger Also discussed classification process, fees transferred to other government, "shall/may", deleted certification, appeal process and how it

fits with M5, shifts before effective date, property tax voucher (inadvertently deleted in HB 2047) .

140 All Questions and discussion concerning items on EXHIBIT I list.

230 All Discussed how M47 affects upcoming elections.

240 Rep. Simmons Suggested moving March, May elections to June 1997.

250 Rep. Lewis Said many jurisdictions want to keep elections in May.

276 Chair Brian Adjourned meeting at 9:57 a.m.

Submitted by, Reviewed by,

Barbara Guardino Kim Jam

Committee Assistant Revenue Office Manager

**EXHIBIT SUMMARY:**

A. HB 2050, Scherzinger, Proposed Amendments to House Bill 2050, 1 p. B. HB 2047, Nesbitt, Written testimony from Swanson, Thomas & Coon, 2 pp. C. LC 1224, Carlson, Draft LC 1224, 6 pp. D. LC 1225, Carlson, Draft LC 1225, 2 pp.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's

1

exact words. For complete context of proceedings, please refer to the tape recording.

1

House Committee on Revenue

February 7, 1997

Page 6

E. LC 1226, Carlson, Draft LC 1226, 11 pp. F. HB 2047, Scherzinger, Draft LC 2452, 60 pp. G. LC 2051, Scherzinger, Draft LC 2051, 1 pp. H. HB 2047, Scherzinger, Shift Classification Process chart, 1 pp. I. HB 2047, Scherzinger, Shift Restriction Comparison, 6 pp.

-

| These minutes paraphrase and/or summarize statements made during this meeting Text enclosed in quotation marks reports the speaker's

1

| exact words. For complete context of proceedings, please refer to the tape recording.

I