

PUBLIC HEARING & WORK SESSION: HB 2047
LOSS ALLOCATION ISSUES
TAPES 39, 40 A/B, 41 A
HOUSE REVENUE COMMITTEE
FEBRUARY 12, 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
Rep. Tony Corcoran
Rep. Randall Edwards (departed 10:25 a.m.)
Rep. Leslie Lewis
Rep. Anitra Rasmussen
Rep. Lane Shetterly
Rep. Mark Simmons
Rep. Ken Strobeck (arrived 8:50 a.m.)
WITNESSES PRESENT: Dennis Koho, City of Keizer
Dotty Tryk, City of Keizer
Shannon Johnson, City of Keizer
Chief Jim Cannici, Oregon Fire Chiefs Association
Bryan Cox, Oregon Fire Districts Directors Association
Kent Squires, Special Districts Association
Chief Dave Pennicook, Klamath Falls
Chief Jeff Johnson, Tualatin Valley Fire & Rescue
Bob Cantine, Association of Oregon Counties
STAFF PRESENT: James Scherzinger, Legislative Revenue Officer
Brian Reeder, Legislative Revenue Officer
Barbara Guardino, Committee Assistant

PUBLIC HEARING - LOSS ALLOCATION ISSUES - HB 2047
TAPE 039 SIDE A

012 Chair Brian Called meeting to order at 8:39 a.m.
020 Dennis Koho (EXHIBIT A) City of Keizer is in a situation whereby voters passed an updated tax base in November 1996. He believes the tax base ought to be valid, but is seeking legislative direction. Alternative is to hold another election, and that would be costly. HB 2047 seems like appropriate place

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to address this issue.

068 Shannon Johnson 1) Why a legislative clarification on issue is consistent with constitutional amendment in M47. Tax base in Keizer passed and was consistent with M47.

2) Clarification necessary because City has received informal advice from tax assessor that they will not send money unless the city gets instruction from Department of Revenue.

098 Vice Chair Beyer Committee has not decided upon what is appropriate form of election in cases like this. Almost every taxing district in state will have more levying authority in tax base than ability to collect taxes.

128 James Cannici (EXHIBIT B) Verbatim. Membership of Oregon Fire Chiefs Assn. is deeply concerned about M47, majority of funding comes from local property taxes.

170 Jeff Johnson As largest fire district in Oregon, unique, over seven mergers and consolidations, enjoyed property tax rate reductions. Supporting committee's efforts in working through efforts. Not here to complain

about effects of M47, but struggling with how to keep service level as

high as current level. Will issue pink slips in March and April.

Supports

5% funding priority for public safety. Asked committee to support local

funding option to allow voters to choose their level of service.

208 Johnson M47 prioritizes police, fire and dispatch. Fears that funding will be used

for 911 dispatch, but not the call taking side. Urged committee to support

broader scope of what public safety means.

Offered self and staff as resource to committee.

248 All Questions and discussion concerning Johnson's testimony.

300 Rep. Corcoran Concerned about Johnson's comment on issuing pink slips.

311 Johnson Primary concern is not enough staffing causes risk. Question is how to

keep short response time and still have enough staff.

354 Kent Squires Issues relating to M47 special districts and allocation process. M47 does

little to distinguish between special districts. Impacts range from 0 - 50%. Wants consensus approach to allocation of revenue.

Suggested allocation process that gives public safety 5% priority;
Provided alternative distribution process for allocation if 2/3
representation.

Does not like M47, but committed to continuing quality service
delivery.

433 Rep. Shetterly Should allocation process be done on tax code by tax code basis or

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county-wide basis?

444 Squires Leaning toward tax code basis. In order to effectively effect
measure's
requirements, would have to go to tax code area.

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033 Squires Approximately 3,000 tax code areas in Oregon.

058 Brian Cox Concerning 95/5 split - Governor's Policy Advisory Committee
adopted

this formula. Committee decided this would be a fall-back position
that

would allow agencies within tax codes to determine their own
priorities.

088 David Pennicook District is third largest in state as result of a merger. Strong
supporter of

mergers and consolidations. Supporting committee's task. Strongly
advocates maintain 95/5 split. Formula can be written for entire tax
code.

Fire district serves 61% of tax code areas in Klamath County.

124 Pennicook In merger, district was able to move from two person companies to
three

person companies. Immediately after merger, a life was saved
because of

this.

146 All Questions and discussion concerning proportionality, 95/5 split,
dealing

with multiple tax code areas.

220 Pennicook Fears pitting agencies against agencies, tax code by tax code basis

eliminates much of this.

240 All Questions and discussion.

340 Pennicock Vast number taxing code areas in state when broken up by county becomes awesome equation. Suggested dropping school districts out of

tax code areas. This would radically reduce the number of meetings that

would have to take place.

WORK SESSION - HB 2047 - LOSS ALLOCATION

366 Chair Brian Mr. Scherzinger will continue his slide presentation from Feb. 11.

411 Jim Scherzinger Briefreview of Feb. 1, 1997 presentation. (Refer to Feb. 11, EXHIBIT B)

P. 13. Three property tax systems operating - Levy, M5, M47. Tax assessor must go through calculations for all three systems.

TAPE 039 SIDE B

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040 Scherzinger Review of Feb. 11 presentation.

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120 Scherzinger Two options in how to deal with problem:

1) Limit levy within cap; (cannot grow by more than 3 %/O);

2) Fix shares within cap (calculate 1997-98 share, use in future subject to

local agreement to change).

178 Rep. Corcoran Concerning shared proportion, what would happen if there was a dramatic

change in taxing districts within a code?

199 Scherzinger If there is a dramatic shift that can be accommodated, there is room in

M47 for manual adjustment of shares, or adjusting a levy.

Difficulty is to

some extent M47 limits annexations, so it would be difficult to form new

districts.

225 All Questions and discussion concerning establishing new taxing

districts.

322 Scherzinger Levy Limit Inside Base:

Comparing levy system and M47 for three years. System limits levy of city, port and county districts. This has the effect of limiting the shares of each district within M47.

TAPE 040 SIDE B

039 Scherzinger Base Year Shares: First year go through process of allocation (1997-98);

doesn't affect distribution unless taxing district doesn't have enough authority to collect the amount of taxes that the fixed share would give them.

061 Scherzinger Levy Limit Inside Cap:

- _ Reallocating loss each time
- _ Consistent with ongoing loss idea
- _ May require ongoing data, more tinkering with levies, complex

070 All Questions and discussion on levy limit inside cap.

148 Rep. Shetterly Reallocation on ongoing basis, even though more complicated, it is more accurate, and keeps faith with maintaining local control.

165 Scherzinger (Levy inside cap continued)

- _ Some revenue loss from properties not limited by M47
- _ Could keep system more internally consistent

185 Scherzinger Fixed Shares:

- _ One-time allocation of loss
- _ Consistent with one-time loss ideas, though priority has long term effect

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_ No ongoing data

_ Probably more stable

_ Might require manual adjustment occasionally, especially if strong priority setting

210 All Question and discussion concerning fixed shares.

CONTINUE PUBLIC HEARING - LOSS ALLOCATION ISSUES - HB 2047

285 Robert Cantine Testimony on (EXHIBIT C) paraphrased. Allocating public safety while minimizing loss of local control. Correction: page 1, fourth line from bottom, strike word "broader"; next line, change word "above" to "below."

380 Cantine Committee's conclusions: (testimony, p. 2)

Conclusion 3, change "tax levies" to "taxes imposed."

430 Cantine Clarification regarding M47 "revenue reductions." (testimony, p. 2)

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030 Cantine Continued testimony.

Believes special allocation procedures are intended to be one-time in duration.

059 All Questions and discussion concerning Cantine testimony.

108 Chair Brian Adjourned meeting at 10:30 a.m.

Submitted by, Reviewed by,

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Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

EXHIBIT SUMMARY:

A. HB 2047, Koho, Tax Bases Approved at the 1996 General Election, 1 p. B. HB 2047, Cannici, Testimony on Allocation of Losses, 2 pp. C. HB 2047, Cantine, Testimony on Measure 47, 3 pp. D. HB 2047, Scherzinger, Measure 47 Progress Summary, 4 pp.

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