

WORK SESSION: HB 2047
BILL INTRODUCTIONS: LC 2830, LC 2881
TAPES 46, 47 A/B
HOUSE REVENUE COMMITTEE
FEBRUARY 17, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair (arrived 9:41 a.m.)
Rep. Lee Beyer, Vice-Chair
Rep. Tony Corcoran (absent 9:20-9:40 a.m.; 9:55-10:15 a.m.)
Rep. Randall Edwards (departed 10:12 a.m.)
Rep. Leslie Lewis
Rep. Anitra Rasmussen
Rep. Lane Shetterly (arrived 8:55 a.m.)
Rep. Mark Simmons
Rep. Ken Strobeck
WITNESSES PRESENT: Ed Patterson, Oregon Association of Hospitals
Bob Cantine, Association of Oregon Cities
Noel Klein, Special Districts Assn.
Carol Samuels, League of Oregon Cities
STAFF PRESENT: James Scherzinger, Legislative Revenue Officer
Barbara Guardino, Committee Assistant
TAPE 046 SIDE A
009 Vice Chair Beyer Called meeting to order at 8:44 a.m.

WORK SESSION - HB 2047

011 Jim Scherzinger Reviewed small changes, additions to updated Measure 47 Progress Summary (EXHIBIT A)
ELECTION/ALLOCATION: Current issues p. 2: Operating taxes inside cut and cap. Added decisions committee has made. Committee has worked through non-school allocation formula.
057 Scherzinger Next item to discuss is operating levy outside cut and cap, issues to consider. Reviewed that the committee decided to allow this. Issues arise:
1) Existing levy approvals: What sort of limits to put on levy; Length of a levy outside cut and cap; Purpose of levy; Tax competition

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restrictions; Reservation to certain districts; Election dates; Effect of new district 2) Allocation of property tax (no provision 3) Information and estimates on ballot

130 Scherzinger Switched back to topic of shift restrictions - pertaining to hospitals.

133 Ed Patterson Refer to testimony, Oregon Association of Hospitals and Health Systems

(EXHIBIT B): Profile of 15 member hospitals. Mostly small, rural hospitals. Thirteen depend upon levies to varying degrees. See brief

profile of revenues and expenses, page 3.

Implications of M47 on these hospitals.

Major concern is to hold hospitals harmless with regard to shift.

221 Vice Chair Beyer Resumed discussion on operating levies. Confirmed earlier committee

consensus to allow elections outside the cap.

Existing levy approvals (such as tax bases approved at same election as

M47).

248 Scherzinger Reviewed question of levy limits outside cut and cap.

General question, does committee want to put limits on what jurisdictions

can ask for? Can they combine levies inside/outside cut and cap?

268 All Questions and discussion concerning operating levies inside/outside.

298 Scherzinger Combination levies: If committee wants to allow them, they must include

information to explain to voters what is inside and what is outside cut and

cap.

327 Carol Samuels To avoid cannibalization of one jurisdiction over another, League of Oregon Cities advocates allowing levies inside the cap; or renewal of

existing serial levies that will expire and do not increase the amount over

the dollar amount beyond 3%. Inside the cap should only be allowed for

existing levies that would be renewed.

Would like to see new districts be required to have a levy outside the

limits of M47.

Would like to see no limitations on what cities could ask for outside the

limits - both in rate base and levy elections. This includes expansion of a

tax base.

393 Vice Chair Beyer Summed up: Any election other than a continuing or serial levy would be

considered outside the base and would require a double majority vote in a

general election.
409 All Questions, clarification of Samuels testimony.

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1

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1
House Committee on Revenue
February 17, 1997
Page 3

427 Vice Chair Beyer ASKED FOR ANY OBJECTION FROM MEMBERS CONCERNING ALLOWING SERIAL LEVIES INSIDE THE BASE. THERE BEING NO OBJECTION, CHAIR SO ORDERED.

430 Vice Chair Beyer Shifted discussion to issues outside the base.

440 Rep. Shetterly Reminded committee of prior discussion that, outside the base, the committee would approve serial levies but not tax bases.

TAPE 047 SIDE A

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039 Samuels Would like to see tax bases allowed outside the limits. Two primary concerns: First, the permanent nature of a tax base so voters don't have to go back every 3 years. Second, a new district needs a tax base in order to form.

050 All More discussion and questions on Samuels testimony concerning tax bases outside the cap, establishing new tax districts.

096 Vice Chair Beyer Committee shouldn't allow people to create or expand existing tax bases, needs to stay faithful to 3% growth. Committee needs to find a way to allow new governments to be formed if that is the will of the people.

110 Rep. Corcoran Asked Bob Cantine question regarding O & C (Oregon and California Railroad) counties, loss of O & C money.

125 Bob Cantine Concerning O & C counties - counties that rely on Oregon and California land subsidies - (Curry, Jackson, Lane, Linn). Federal government is

cutting this subsidy. Counties want levies because they are losing their subsidies.

177 Vice Chair Beyer Asked Cantine about sub-districts within counties for law enforcement

based upon serial levies. These are new districts with no tax bases.

185 Cantine Some are new districts and some are not. Does not know whether county

service districts would require a tax base.

200 Noel Klein Cantine is correct in his description of law enforcement districts.

They

are an area within a county, formed at the county level, to provide a specific service. Funded by a vote within the territory being served.

Differential level of service is provided only to the territory that pays for

it. These districts don't require a new tax, they are not a new governing

district.

220 Cantine Will return at a later date with more information on law enforcement districts.

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House Committee on Revenue

February 17, 1997

Page 4

251 Vice Chair Beyer Summed up discussion: Committee is only talking about new tax bases

or additional tax bases for limited new governments that might be created

by the people. In all other districts, tax base expansion will not be allowed. The only elections allowed outside the base are serial elections

or tax bases for new districts.

285 Samuels Asked committee to consider allowing limited bond levies. Ex: to purchase computers, other types of items that would otherwise not be

allowable. Within M5 limits, outside M47.

300 All Questions and discussion concerning limited bond levies, allowing permanent tax base outside M47.

435 Rep. Rasmussen M47 is trying to tell lawmakers that voters want frequent consultations

on how much revenue is being raised and where it is going.

Proposed

that the committee allow a one-time opportunity for governments with

tax bases limited to 25% of their total authority. This **would**

allow

districts to convert to a serial levy.

TAPE 046 SIDE B

041 Klein As governments look at re-prioritizing after M47, they are saying they

will cut back on special purpose levies first. Agencies will want to renew

within their existing authority, but convert special purpose serial levies to

a general authority. Asked committee to allow flexibility to do this.

070 Scherzinger Discussed tax competition provision: Levy limit, fixed shares.

094 Klein Most local governments will probably prefer the more cautious approach,

which is a serial levy.

100 Rep. Shetterly Issue is, whether voters have to come back periodically or establish a

continuing tax base. This is not an issue in the language of the measure.

Rethinking his position.

145 . All Questions and discussion on conversion/expansion of existing tax bases,

creation of new tax bases.

176 Chair Brian Apologized for late arrival.

Summed up morning's discussion:

Committee has two votes outside the 3 % cap: Serial levies, tax bases for

newly formed jurisdictions.

Inside cap: Renewal of existing levy plus 3 % for the same dollar amount

would require a simple majority; an increase beyond 3 % would require a

double majority election.

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House Committee on Revenue

February 17, 1997

Page 5

Converting serial levy to tax base under the 3 % cap would require a double majority election.

232 Rep. Shetterly Another issue: Whether existing jurisdictions would be authorized to vote

for increased tax bases with a double majority outside the 3 % cap.

244 Vice Chair Beyer Committee should suggest taxing districts shift to rate-based so voters will

know what they are doing. People get upset because they are voting for

an abstract number, don't know how much it will cost them.

286 Chair Brian Noted a change in the committee's thinking. Asked how many felt there

should be tax bases outside the 3% cap. Assumed tax bases for newly

created districts would be okay.

300 All Reviewed their positions concerning creating new tax bases.

352 Chair Brian ASKED FOR ANY OBJECTION FROM MEMBERS CONCERNING ALLOWING EXISTING JURISDICTIONS TO HAVE A LOCAL OPTION OUTSIDE THE 3 % CAP FOR SERIAL LEVIES ONLY. HEARING NO OBJECTION, CHAIR SO ORDERED.

378 Cantine Requested that the committee have its legal counsel consider the implications of this decision.

TAPE 047 SIDE B

054 Chair Brian Welcomed parents and students from Corvallis.

Also welcomed former House Speaker Vera Katz.

076 Scherzinger Moved on to bottom of p. 3:

_ Existing tax election dates, number of elections

_ Tax competition restrictions

_ Allocation of tax to property (no provision)

121 All Questions and discussion.

152 Scherzinger _ Information and estimates on ballot.

BILL INTRODUCTIONS

183 Chair Brian Closed work section, introduced LC drafts.

LC 2830

187 Chair Brian LC 2830, deals with tax credits for medical practices in rural areas.

At

request of Oregon Optometric Association.

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House Committee on Revenue
February 17, 1997
Page 6

190 Chair Brian ASKED MEMBERS FOR ANY OBJECTION TO ENTERING LC **2830** AS A COMMITTEE BILL. THERE BEING NO OBJECTION, CHAIR SO ORDERED.

LC 2881

196 Chair Brian LC2881, extends the existing appraisal and assessment oversight funding.

At request of Association of Oregon Counties.

199 Chair Brian ASKED MEMBERS FOR ANY OBJECTION TO ENTERING LC

2881 AS A COMMITTEE BILL. THERE BEING NO OBJECTION, CHAIR SO ORDERED.

203 Chair Brian Adjourned meeting at 10:15 a.m.

Submitted by, Reviewed by,

Jam:

Barbara Guardino Kim
Committee Assistant Revenue Office Manager

EXHIBIT SUMMARY:

A. HB 2047, Scherzinger, Measure 47 Progress Summary, 7 pp. B. HB 2047, Patterson, Oregon Association of Hospitals and Health Systems testimony, 3 pp. C. LC 2830, Brian, Draft LC 2830, 2 pp. D. LC 2881, Brian, Draft 2881, 10 pp.

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