

PUBLIC HEARING AND WORK SESSION: **HB 2047, HB 2048**
ANNEXATION AND REZONING
TAPES 52, 53 A/B
HOUSE REVENUE COMMITTEE
FEBRUARY 20, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair
Rep. Lee Beyer, Vice-Chair (Arrived 8:45 a.m.)
Rep. Tony Corcoran (Arrived 9:12 a.m.; departed 9:27 a.m.;
returned 10 a.m.)
Rep. Randall Edwards
Rep. Leslie Lewis (Arrived 9:55 a.m.)
Rep. Anitra Rasmussen
Rep. Lane Shetterly
Rep. Mark Simmons
Rep. Ken Strobeck (Arrived 8:47 a.m.)

WITNESSES PRESENT: Jeff Condit, City of Lake Oswego
Jim Manary, Department of Revenue
Sen. Joan Dukes, District 1, Senate Revenue Committee
Noel Klein, Special Districts Association
Bob Cantine, Association of Oregon Counties
Carol Samuels, League of Oregon Cities
Dave Boyer, Multnomah County

STAFF PRESENT: James Scherzinger, Legislative Revenue Officer
Brian Reeder, Legislative Revenue Officer
Barbara Guardino, Committee Assistant

TAPE 052 SIDE A

009 Chair Brian Called meeting to order at 8:43 a.m.
Welcomed Jeff Condit, City of Lake Oswego.

PUBLIC HEARING, ANNEXATION - HB 2048

025 Jeff Condit Testimony concerning annexation in M47. The situations of
formation,
merger, consolidation boundary changes are rare, but should be
considered in the bill. Lake Oswego is considering a merger.
Defined formation
Defined consolidation

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Defined merger

049 Condit Described details of a proposed merger with River Grove
(population

300) into Lake Oswego.

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Asked that the merger not be effective unless the merged city votes to come into the city. River Grove has no tax base, which will cause some immediate budget problems for Lake Oswego.

Requested to continue concepts with regard to annexation, where the merger not be effective unless merged city votes to come into the city with M47 majority; hold two elections, one in each jurisdiction.

111 Rep. Rasmussen What would happen if River Grove chose to dissolve? Can it be brought in through annexation?

117 Condit River Grove has assets and liabilities, so the boundary commission will not let them dis-incorporate.

WORK SESSION - HB 2047

150 Chair Brian Committee will revisit the topic of repayment of claims.

158 Jim Scherzinger Measure 47 Progress Summary (EXHIBIT A): Shifts that might occur before effective date of M47. Committee has discussed who should be able to file a claim.

Possible Appeal Routes for Pre-effective Date Shifts (EXHIBIT B)
(Refer to Feb. 11 Attorney General opinion, Exhibit A, page 2)

197 Scherzinger Described scenarios of four groups of people, combinations of two groups that potentially might have a claim from a pre-effective date shift.

Described fee payer options

245 Scherzinger Described taxpayer options

The bill as written does not preclude anyone from using any other payment process.

297 Vice Chair Beyer Committee does not need to resolve the payment process. It can come up with a timeline and define who has right the of action.

336 Jim Manary Discussed who can file an appeal and what is the remedy to the aggrieved party. Normally, the courts are equipped to deal with these two issues.

Suggested committee keep it simple as to who can file a claim, and let the courts determine who can challenge the fee shift.

Normally, people who file a claim are those who paid the fee. The

language in M47 suggests property tax owners who did not pay a fee are entitled to appeal for tax relief. It eliminates renters who have paid the

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fee. Encouraged committee to let the courts decide.

419 Manary Recommended resolving the issue at the local level first, then moving it to tax court.

443 Rep. Shetterly Would prefer to come up with a consensus upon definition of who is aggrieved.

TAPE 053 SIDE A

PUBLIC HEARING. ANNEXATION - HB 2048

047 Sen. Joan Dukes Interested in amending M47 annexation. Two issues specific to her district:

- 1) Fire district is attempting to merge with another fire district
- 2) School district is considering separating into two districts.

Serious

financial problems.

WORK SESSION - HB 2047

092 Chair Brian Reviewed committee consensus that a claimant will be a property owning

fee payer. Next is the issue of remedy for the claimant.

102 Rep. Strobeck Concerning Manary testimony, prefers the committee come up with ground rules for who is a claimant. Believes claimants should go to their

local governments first. Local government would have to decide whether

or not the fee was a shift. If yes, who gets relief.? Also important is time

frame of deadline for claims.

Biggest issue is who gets the relief. Referred to Feb. 11 attorney general

memo, Exhibit A, concerning who gets a refund in the case of a shift;

also refer to Feb.3 Miller/Nash memo (dated Jan. 22), Exhibit B.

Both

say property owning taxpayers are the claimants.

154 All Questions and discussion concerning who qualifies for a tax refund.

193 Manary Usually if a refund is below about \$10 the state won't issue it because the

process cost is greater than the refund. Problem in the case of M47

is that

the committee has a constitutional amendment to deal with.

223 Scherzinger Bill has a \$5 minimum refund in it. Asked what has been done with small

refund amounts in the past.

234 Manary Cannot recall.

245 Noel Klein Believes M47 says it is the fee payers who are taxpayers that qualify for

tax refunds. The notion of an aggrieved person is preferable,

leaving it to

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the courts to decide.

HB 2047 Section 52 (2) line 41, page 23 lays out the process,

points to a

fee payer who has paid a fee that represents a shift. Does not have

to own

property.

322 Klein Requested language to be included in the bill that prevents having to search for potential claimants.

332 All Questions and discussion concerning definition of who can file a claim.

415 Chair Brian Asked committee how they would feel about a provision that a refund will

be available as long as the refund exceeds the cost of the refund.

TAPE 052 SIDE B

030 Bob Cantine Concerning the cost of implementing these rebates. Oregon has 1,500

special districts, 254 cities. All could cause assessors to have to go through this property tax process. He is considering whether to ask

special districts whether they will reimburse assessors' costs.

045 Rep. Strobeck Asked if Cantine knows of any jurisdictions that are in trouble because they have raised fees.

051 Cantine No one has said that, but fee changes are going on all the time.

061 Rep. Shetterly Rather than identify fee payers and apply refunds, wouldn't simplest thing

be for the local government to determine the aggregate amount raised by

an impermissible fee shift, apply it in reduction to taxes collected following year, across the board.

086 Chair Brian Agreed with Shetterly's position. This would minimize administrative costs.

103 All Questions and discussion on how to accomplish this approach - who can

file, how to interpret language of M47.

161 Rep. Shetterly Prefers claimant to be a property owning fee payer.

181 Rep. Rasmussen Stands by her position that persons who paid the fee are the ones who are

entitled to a refund.

220 All Questions and discussion. Property owners subject to the fee; persons

who do not own property are not included. This is consistent with the

language of M47.

256 Chair Brian The committee will use the language "property owners subject to the fee."

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267 Chair Brian **Summarized: Claimant pool are property owners subject to fee. The aggrieved person would file claim with local government. The local government would classify it and respond whether an impermissible shift was involved. If impermissible, local government would say so. Claimant could proceed to tax court. If the shift is deemed**

impermissible, local government would calculate amount of impermissible fees received. That amount would be accredited against the levy for the next tax year.

289 Rep. Strobeck Two other points: **There is an absolute deadline for filing of claims of this retroactive shift provision; In the event the shift is impermissible, roll back the fee or vote on it.**

295 Chair ASKED FOR ANY OBJECTIONS CONCERNING THE ABOVE SUMMARIZATION. THERE BEING NO OBJECTIONS, THE CHAIR SO ORDERED.

308 Carol Samuels Memorandum (EXHIBIT C). Proposed adding language to HB 2047 that currently appears in M47 Section 8(b). To the extent a jurisdiction chooses to reduce property taxes by similar amount to the fee shift, that will not constitute a fee shift.

358 All Questions and discussion on Samuels request.

370 Dave Boyer Would like language to include business income tax.

417 Manary Concerning existing refund limits, property tax \$5 standard; income tax it's \$10.

TAPE 053 SIDE B

040 Scherzinger Will do a redraft on previous discussions. Converting shall to may (make findings based on certain definitions, classify a government product or service in a certain way).

103 Scherzinger State will look at the question of whether distribution of cigarette tax funds constitutes a shift.

123 Chair Brian Adjourned meeting at 10:09 a.m.

Submitted by, Reviewed by,
Barbara Guardino Kim
Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. HB 2047, Scherzinger, Measure 47 Progress Summary, 7 pp. B. HB 2047, Scherzinger, Possible Appeal Routes of Pre-Effective Date Shifts, 1 p. C. HB 2047, Scherzinger, Memorandum from Carol Samuels, 1 p. D. HB 2047, Reeder, Measure 47 Impacts on Operating Taxes ... Outside A City, 10 pp. E. HB 2047, Reeder, Measure 47 Impacts on Operating Taxes . . . In Each City, 10 pp. F. HB 2047, Reeder, Effects of Measure 47 on Operating Taxes, 36 pp.

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