

WORK SESSION, INVITED TESTIMONY - HB 2048 (HB 3710)

(MEASURE 50 IMPLEMENTATION)

TAPES 109, 110 A/B

HOUSE REVENUE COMMITTEE

APRIL 10, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair (Excused)

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Leslie Lewis (Arrived 9:10 a.m.)

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

STAFF PRESENT: James Scherzinger, Legislative Revenue Officer

Barbara Guardino, Committee Assistant

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- 007 Vice Chair
Beyer Called meeting to order at 8:57 a.m.
Reviewed, HB 2048 has been re-drafted and re-introduced as HB 3710.
- 011 Jim
Scherzinger (See outline, "Measure 50 Implementing Draft," April 1, 1997 EXHIBIT A):
Bill encompasses things that have to do with determination and assessed value, timelines. Other issues will be brought in as amendments to this bill.
Continued review for purpose of flagging issues: Referred members to HB 3710,
033 Scherzinger Section 81 (page 29): "Conforming Amendments, Property Subject To Taxation; Exemptions"
Section 81: Changes dates of property tax exemptions to conform language within those exemptions. Primarily:
- 044 Scherzinger * Changes dates to conform to assessment date change, Jan. 1;
* Implements determination of use of assessed value as opposed to real market value
* Additional taxes imposed on disqualification from exemptions
Section 82: Federal leased property, change to assessed value
Section 83: State property leased for parking
064 Scherzinger Section 84: Leased state and local properties, taxable with exceptions
Section 85: Property leased by tax exempt from taxable owner
Section 86: Port and dock properties
095 Scherzinger Section 87: Strategic investment program, first \$100 million is taxable
Section 88: Senior Centers
Section 89: Cemeteries, generally exempt unless dedication is removed
Asked, concerning disqualification of farm use values, etc., if someone uses
159 Rep. classification and pays prior year taxes, is it correct to assume that for the years up to
Shetterly current year, tax would be based on tax calculations during that period of time, and
subsequent taxes would be calculated under M50?
- 178 Scherzinger Yes. Would use whatever law is in effect at the time.

Section 90: Deals with dates for applying for exemptions (April 1)

Section 91: Property lease by a tax exempt organization from another one

184 Scherzinger Section 92: Railroad property, alternative transportation use. Date change

Section 93: Nonprofit water associations. Date change

Section 94: Funded exemption for nonprofit housing. Date change

Section 95: Veterans exemption, partial exemption reduces value by between \$8,250 and \$11,000, changes reduction in assessed value

Section 97 - 100: Veterans exemptions

Section 101: Commercial construction exemption, date change

266 Scherzinger Section 103: Nonprofit homes for the elderly, date change

Sections 104-105: Pollution control exemption, date change

Section 106 - 108: Nonprofit student housing, date change plus change to additional tax imposed upon disqualification

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293 Scherzinger Section 109: Farm labor camps, date changes

Section 111 - 117: Low income rental housing, date changes

297 Rep. Shetterly Concerning Section 111, questioned moving application date from July 1, 2000 to January 1, 2000.

314 Scherzinger Assessment date is moving from July to January. Recommended committee flag this issue for future discussion.

Section 118: National Heritage Conservation areas, date changes, roll-back provision

Section 120 - 127: Core area housing exemption, date changes

351 Scherzinger

Section 124: Roll-back for core area housing

Program designed to encourage construction in downtown core areas

416 Scherzinger Section 128: Ethanol production facilities, date changes

430 Rep. Strobeck Requested committee flag ethanol production for further discussion

TAPE 110 SIDE A

"Conforming Amendments, Assessment of Property for Taxation"

Section 130: General provision, defines tax assessment year as beginning January 1, corresponding to tax year beginning July 1.

048 Scherzinger

Section 131: Tax year and assessment year are still same the first year

Section 132: $_$ and 1/10 of 1 % rule.

Purpose of Section 132 in current law is to avoid refunds and to collect lawful levy of districts in non-compression areas. Proposal repeals this

080 Scherzinger

Questions and discussion concerning $_$ and 1/10 % rule

Expressed concern about first year, if property not on roles, it will affect the fixed rate. Asked if this is being handled.

132 Rep. Lewis

No, although this raises issue: There may be errors made in allocation of losses, values not determined until years later. Question is whether legislators want a provision in bill to make corrections.

143 Scherzinger

More questions and discussion concerning allocation.

185 Scherzinger Bigger issue is, since calculating permanent rates may not be too much worry about what happened first year, but if it has a permanent effect, this must be corrected.

200 All

Questions and discussion concerning ONC federal forest fees

256 Scherzinger ONC revenues are general revenues for counties. U.S. Forest Service funds roads and schools.

Returned to discussion on HB 3710: Page 54

263 Scherzinger

Sections 132 - 134: $_$ and 1/10 %

Section 135: Allows switch from one kind of resource land treatment to another

Section 136: Definition of "real market value"

Section 137: General section that deals with situations where government has tax or bonding limit based on percentage of market value of property

Raises issues:

* Statutes that deal with millage base taxing authority are no longer needed

* Bonding power statutes need to be changed

Section 138: General section of law that says when property is taxable. Switches July 1 date to January 1 of assessment year.

Section 139: Tells assessor contents of tax roll. Adds "maximum assessed value" and
335 Scherzinger keeps "real market value" on tax roll

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Section 140: Process of assessment, changes date that roll freezes to from Sept. 20
from Sept. 15

395 Scherzinger Section 141: System of code areas

Section 142: Boundary changes

Section 143: Assessment of forest home sites

TAPE 109 SIDE B

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030 Scherzinger Section 144: Says all properties valued and assessed at 100 % of real market value --
will be valued at 100 %, but shall be assessed at assessed value under Section 6. Issue
is whether it is necessary to value all of property at 100 %.

Section 146: Repeals six-year cycle

Section 147: Permits assessor after Sept. 15 to reduce value of property

063 Scherzinger Section 148: Personal property, date change

(2) cancels tax on any value under \$3,000

091 Rep.
Simmons Concerned that wording is too broad

100 Scherzinger Other sections of law permit alternative methods of appraisal beyond six-year cycle

121 Rep.
Shetterly Regarding Section 148 (2) line 22: questioned whether to establish filing threshold as
well as tax threshold.

Flagged issue for future discussion

Sections 149 - 150: Water craft, date changes

Section 151: Requires sold public property to be listed

150 Scherzinger Section 153 - 154: Tax returns -- Personal, real and industrial property returns,
changes dates to file to March 1

Section 155: Penalties for not filing returns

Section 156: Changes real market to assessed

Section 157: Duties of assessor

Section 158 - 159: Exemptions for down-zoned property

186 Scherzinger
Flagged for future discussion

Section 160 - 177: Farm use assessment. Primarily date changes, roll backs. General references to calculation of assessed value.

Page 82

238 Scherzinger
Section 178 - 180: An industrial property owner can elect not to provide income to Dept. of Revenue or assessor. Effect is, income approach to value is not used. Current law

306 Scherzinger
Section 181: Allows property that has been destroyed to carry lower value

Flagged for future discussion

Section 182 - 186: Distressed area housing (rehabilitation or reconstruction in low income or distressed areas). Date changes

331 Scherzinger
Section 187: Nonprofit elderly housing

Section 188 - 199: Utilities statutes

See page 90 bold language "Solely for purposes of determining..."

Sections 200 - 202: Exemptions for single family residences in higher use zone

392 Scherzinger
Sections 203 - 205: Open space assessment, rollback

Sections 206-207: Riparian lands, rollback

Section 208: Mobile, modular units -- special provision, date changes

TAPE 110 SIDE B

Sections 209 - 211: How the Board of Ratio Review and Board of Equalization are being incorporated into new Board of Property Tax Appeals. How members are appointed, training, dates they meet, duties

Section 213: Dept. of Revenue's power to review tax roll, ratio studies

028 Scherzinger
Sections 214 - 216: Changes "Board of Equalization" to "Property Tax Appeals"

Section 217: Controls who may petition to Board

Section 218: Deals with action Board takes

Section 219: Current statute of adjudicated value

- Flagged for future discussion
- 073 Scherzinger Section 220: Changes "Board of Equalization Review" to "Board of Property Tax Appeals"
- 078 Rep. Shetterly Flag issue: Sections 184 and 186, move dates for distressed area housing
page 106
Section 226:
- 090 Scherzinger (1) Power of Dept. of Revenue to equalize the roll
(2) Deals with Board of Ratio Review
Section 229: Emergency clause
- 099 Vice Chair Beyer Adjourned meeting at 10:20 a.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager