

WORK SESSION - HB 3710

TAPES 125, 126

HOUSE REVENUE COMMITTEE

APRIL 18, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Leslie Lewis (arrived at 9:12 am)

Rep. Anitra Rasmussen (arrived at 9:47 am)

Rep. Lane Shetterly

Rep. Mark Simmons (arrived at 9:20 am)

Rep. Ken Strobeck

WITNESSES PRESENT: Tom Linhares, Columbia County Assessors

STAFF PRESENT: Jim Scherzinger, Legislative Revenue Officer

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- 014 Chair Brian Calls meeting to order at 9:06 a.m. Opens work session on HB 3710.
**HB 3710 -
WORK
SESSION**
- 021 Jim Scherzinger Explains -1 amendments to HB 3710 [EXHIBIT C from 4/17/97]. States that changes caused by amendments would include:
* Section 141 would be deleted.
* Adding a reference to corrections of value.
* Section 228, changing to a rate-base system.
- 065 Scherzinger * Section 229, deletes references to existing tax base limits, and replaces them with certifying: permanent rate, total rate of local option taxes, bonded debt, gap bonds, and local pension obligations.
- 097 Scherzinger * Section 230, certification process for 1997-98.
- 135 Scherzinger Page 7, subsection 4, under current constitution, choose to collect less taxes, certify lesser amount used to determine levy for that year.
- 152 Rep. Lewis Asks why there is a need to do this. Concerned about people seeing more than 3% growth in taxes.
- 158 Scherzinger Responds that if someone chooses to levy less, then they would get more than 3% the second year.
- 165 Rep. Strobeck States that 3% cap is no more than 3%, and asks what mechanism allows it to be less than 3%.
- 174 Scherzinger Explains that it is an ongoing issue.
- 184 Chair Brian Comments that districts should not be forced to levy more than they feel they need to.
- 196 Rep. Edwards Asks if it is therefore a constitutional problem.
- 197 Scherzinger Responds no, not under Measure 50. Comments that Section 231 is just an existing law that was amended saying if you don't give a notice to the assessor, your taxes won't be imposed.
- 246 Scherzinger Comments on Section 232 which gives authority to Department of Revenue so if someone incorrectly characterize items, Department of Revenue can correct them.
- 253 Vice-Chair Beyer Asks if there is any appeal mechanism to that.
- 256 Scherzinger Responds. Continues discussion of Section 232. Section 233, allows rounding or rates. Number of decimal places that it is carried out to will

- be specified by the department.
- 293 Rep. Lewis Asks how many decimal places. Asks if it is anticipated that will change.
Columbia County Assessor, representing Oregon State Association of County Assessors.
- 301 Tom Linhares * Asks why rounding as opposed to truncating.
* Believes it will be rounded to seven decimal places.
* Recommends five decimal places.
- 328 Scherzinger States that Measure 50 permits rounding.
- 343 Rep. Lewis Comments that the number Linhares gave her is only four decimal places.
- 349 Linhares Explains conversion rate.
- 362 Scherzinger States that number of decimal places is not defined. Reads provision about rounding. Section 234 states that you have to apply the 17% reductions, then calculate the rates.

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- 008 Scherzinger Comments that more specificity is needed.
- 012 Rep. Shetterly Confirms that there is substantial revenue impact.
- 021 Scherzinger Explains that in Section 235, there is technical change. Sections 236-237 getting into question of offsets. Explains current systems, illustrates government tax offsets, rates with Measure 5, and calculations of current rates (tape inaudible).
- 070 Scherzinger Calculates the permanent rates and imposed taxes after first year of Measure 50 (tape inaudible).
- 084 Rep. Shetterly Asks if that is the formula for calculation in the first year.
- 086 Scherzinger Responds (tape inaudible).
- 101 Rep. Lewis Confirms that if offsets are not done when calculating permanent rate, permanent rates will be higher. States that if amounts of offset decrease, then again we get higher permanent rate and people see more than 3% tax increase.
- 112 Scherzinger Responds (tape inaudible).
- 119 Rep. Corcoran Asks what would be more reasonable for local/county governments in terms of being able to do these calculations.
- 127 Scherzinger Responds (tape inaudible).
- 143 Rep. Shetterly Asks wherever offsets are put, how does that relate to distribution formula.
- 151 Scherzinger Comments about distribution formula and revenue gains and losses to districts (tape inaudible).
- 173 Rep. Lewis Explains that severance tax is not in lieu of property tax.

- 195 Scherzinger States that is correct.
- 197 Rep. Corcoran Asks how big severance tax offset is.
- 199 Scherzinger Responds \$65 million but is misleading. Explains (tape inaudible).
- 225 Rep. Corcoran Believes districts would argue for every dollar because of negative impact.
- 230 Scherzinger Responds (tape inaudible).
- 232 Rep. Shetterly Asks if it is a matter of winners and losers either way it is calculated.
- 233 Scherzinger States it has to do with growth rate of this kind of revenue.
- 240 Rep. Lewis Asks for visual aides. States disagreement with holding offset out as separate source of revenue.
- 251 Scherzinger Responds (tape inaudible).
- 280 Scherzinger Comments that Section 237 is ongoing section speaking of adjusting for offsets. Section 238 states offset adjustments will not have effect on permanent rate calculation. Section 239 deals with apportionment with joint districts, and levies will be portioned based on RMV (Real Market Value).
- 310 Rep. Strobeck Confirms that apportion of RMV the first year in order to determine where maximum assessed value will start.
- 312 Scherzinger Explains that current system is RMV system. Continues purpose of apportioning. Oregon will no longer have statutory continuing levies, but instead will have permanent rates. Section 224 states that in the first year, these levies will be added in. Amendments were adopted in 1991 to implement Measure 5.
- 374 Rep. Shetterly Asks where -1 amendments are from.
- 378 Scherzinger States that Department of Revenue has a Joint Technical Advisory Group (JTAG), and that is where the amendments came from.
- 388 Rep. Shetterly Asks if districts are getting this the same time we are.
- 391 Scherzinger Answers yes. Explains.

TAPE 125 SIDE B

006 Rep. Strobeck Adjourns at 9:58 a.m.

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Submitted by, Reviewed by,

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Steve Wermuth Kim James

Committee Clerk Revenue Office Manager