

WORK SESSION HB 3710

(MEASURE 50 IMPLEMENTATION)

TAPES 127A, 128A

HOUSE REVENUE COMMITTEE

APRIL 21, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair (Arrived 9:20 a.m.)

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran (Arrived 9:35 a.m.)

Rep. Randall Edwards

Rep. Leslie Lewis (Arrived at 9:25 a.m.)

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons (Arrived 9:24 a.m.)

Rep. Ken Strobeck

STAFF PRESENT: James Scherzinger, Legislative Revenue Officer

Barbara Guardino, Committee Assistant

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TAPE 127 SIDE A

- 005 Vice Chair Beyer Called meeting to order at 9:18 a.m.
- Directed members' attention to revised schedule. Noted that HB 3710 will be heard in afternoons.
- 009 Scherzinger Referred members to "HB 3710 - Measure 50 Implementing Draft" (EXHIBIT A) updated list of Flagged Issues
- Resumed review of HB 3710-1 (EXHIBIT B), page 17: Definitions section for M5. Changes reflect constitutional amendment on bonding
- Section 244, page 19: Address effect of errors made in local government certification of taxes with respect to M5
- 026 Scherzinger Section 245: Instructs assessors how to apply M5 limits
- Page 22 (4) (a) Compression
- Section 247, page 24: Requires establishment of code areas (M5)
- Section 248: Assessor report
- 052 Scherzinger Section 249: Definition of "public school system" (M5)
- Section 250: Defines unit of property for M5 as whole code area for purposes of applying M5
- 071 Vice Chair Beyer Concerning Page 249, page 26: States, definition of education is pre-K through post graduate. Thought this was changed. Scherzinger will check to verify. Issue flagged.
- 093 Scherzinger Section 251, page 27: For purposes of M5 when dealing with partially exempt or specially assessed property, would apply M5 limit based on partially exempt or specially assessed value. Code area limits removes this.
- Section 252, page 28: If more than one levy, and M5 reduction, reduction can be allocated to any levy.
- 125 Scherzinger Section 253: Repeals statutes (ORS.310 130; 180-188 etc. ...)
- Sections 254-258: Must be substantially revised (distribution)
- Section 259, page 32: "Collection of Property Taxes" Provisions for property tax collection
- 177 Scherzinger Section 260: Being repealed
- Sections 261-262: Being repealed

Section 263, page 37: Deals with corrections assessor can make to roll

Section 264, page 39: New section, deals with notification to taxpayers when correction is made to roll

Section 266 - 270: Omitted property, technical changes

Section 271: Deals with what goes on tax statements

223 Scherzinger Page 46: (5) Dept. of Revenue will determine what information goes on tax statement

Section 272: Statement that goes to mortgagee

Section 273: Concerning property owners with multiple accounts

Section 274, page 47: Technical changes

Section 275: Deals with portion of law that says taxpayer must pay taxes before petition property

Section 276, page 50: How taxes are distributed if disqualified from special assessment

262 Scherzinger Section 277: Unsegregated tax account

Section 278: Liens attached to properties

Section 279: Estimates of tax

Section 280: Refunds -- technical changes

Section 281: Magistrates bill repeated

Section 283, page 60: When interest is paid

312 Scherzinger Section 284: Requires reserve on 1/4 of 1 % appeals where value is not taken off the roll (Issue of whether reserves are voluntary or mandatory has been flagged)

Section 285: Magistrates bill repeated

Section 287, page 63: "Local Option Taxes," excludes schools from definition

334 Rep. Shetterly Pointed out this section agrees with committee's new definition of public education

Section 288: Existing serial levy section, now converted into local option tax section (Issue flagged)

341 Scherzinger

Three-year limitation on rate-based levies

Existing definition of capital construction modified to be definition of capital

project.

Section 289, page 64: Elections and ballot titles

Section 290: Deals with ordinance that asks for an election

371 Scherzinger Section 291: Allows districts to set up financial reserve

Section 292: Allows imposition of serial levy that continues at same rate or dollar amount as prior serial levy

417 Scherzinger Sections 293-294: "Elections"

TAPE 128 SIDE A

Asked whether committee has discussed Section 294 (3) "Interpret the words..."

029 Rep. Scherzinger explained: if someone casts ballot but did not vote on a particular issue,
Strobeck ballot is still counted for purposes of 50 % voter turnout.

Section 295, page 66: If measure requires 50 % turnout, statement must be in summary.

039 Scherzinger Section 296: Changes number of words required in a statement (line 23) from 85 to 175 words. (Issue flagged)

079 Scherzinger If question requires 50 % turnout, statement would be included in summary. Issue flagged. Questions and discussion interspersed concerning clarification of language.
Section 297, page 68 : Bond ballot titles, should be reasonable and detailed description of use of proceeds

109 Scherzinger Section 299: When asking for tax election, must include dollar amount and rate-based amount

Section 300, page 71: Makes changes to ballot titles apply only to elections held after effective date of act

Section 302: Deals with state levies

159 Chair Brian 10:a.m., recessed meeting until 3 p.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. HB 3710, Scherzinger, HB 3710--Measure 50 Implementing Draft, 4 pp.

B. HB 3710, Scherzinger, HB3710-1 Amendments, 71 pp.

PUBLIC HEARING & WORK SESSION

SB 311A, HB 2559

TAPES 129, 130 A/B

HOUSE REVENUE COMMITTEE

APRIL 21, 1997 3:00 PM HEARING ROOM 50 STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards (arrived at 3:55 p.m.)

Rep. Leslie Lewis (excused)

Rep. Anitra Rasmussen (excused)

Rep. Lane Shetterly (excused)

Rep. Mark Simmons (arrived at 3:40 p.m.)

Rep. Ken Strobeck

WITNESSES PRESENT: Senator Mae Yih, District 19

Phil Aurand, Oregon Resident

Representative Peter Courtney, District 33

Del Gossen, Oregon Resident

Shirley Lieper, Department of Revenue

Jim Manary, Department of Revenue

Tom Martin, Highway Division/Oregon Dept. of Transportation

Jessica Harris, Legislative Assistant, Senator Jeannette Hamby

STAFF PRESENT: Brian Reeder, Economist

Steve Wermuth, Committee Clerk

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TAPE 129 SIDE A

007	Chair Brian	Calls meeting to order at 3:34 p.m. as subcommittee. Opens public hearing on SB 311A.
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**SB 311A -
PUBLIC
HEARING**

015	Brian Reeder	States that SB 311A primarily deals with senior homesteading.
028	Chair Brian	Asks if the retroactive part of the bill goes back to a specific year.
032	Reeder	Comments that he doesn't believe it does. Says that it is a specific case of a taxpayer not opening her mail and her not sending in her application. District 19 [EXHIBIT A] .
040	Sen. Mae Yih	* Supports SB 311A.
		* Proposes amendments (-3).
088	Sen. Yih	Continues reading from written testimony. [EXHIBIT B] .
104	Phil Aurand	Reads from written testimony.
	Rep.	Comments that this issue was brought to his attention from ODOT.

124	Corcoran	Agrees and supports SB 311A.
140	Chair	Closes public hearing on SB 311A. Opens public hearing on HB 2559.

**HB 2559 -
PUBLIC
HEARING**

145	Reeder	Summarizes HB 2559. Comments that he is not sure of number of people who will qualify for property tax deferment under HB 2559. State Representative, District 33, Keizer [EXHIBIT C] .
176	Rep. Peter Courtney	* Supports HB 2559. * States that not only is this bill an act of compassion, but Oregon has a vested financial interest in helping people with disabilities obtain and retain their independence. [EXHIBIT D] .
220	Del Gossen	* Supports HB 2559. * Is permanently disabled.
253	Chair Brian	* Wants to keep taxes current, but does not want to lose home either. Closes public hearing on HB 2559 and opens work session.

**HB 2559 -
WORK
SESSION**

254	Vice-Chair Beyer	MOTION: Moves HB 2559 be sent to the floor with a DO PASS recommendation.
258	Reeder	States that Department of Revenue has recapped the financial impact. [EXHIBIT E] .
260	Chair Brian	Comments that the staff statement shows financial impact to be as much as \$1.5 million over two years.
263	Reeder	Says that his estimate is \$1.5 million for the year left of this biennium, and roughly \$3 million for the next biennium. DOR is not expecting significant repayments in the early years from the new participants.
282	Chair Brian	Asks what the balance of the fund is currently.
283	Reeder	Says that he does not have that information available at this moment, and that there has not been an appropriation to the fund in a number of years.
290	Rep. Simmons	Asks of those seniors eligible, how many actually take advantage of the tax deferral.
305	Shirley Lieper	Department of Revenue. Believes that about 8-10% take that advantage.
313	Chair Brian	Asks what DOR figures show. States that DOR figures show about 4,500 on the first year, and

315	Lieper	additional 1,000 per each year of the second biennium. Also, the cost would be about \$6 million for 1997-99 biennium, and approximately \$16 million for the second biennium.
323	Chair Brian	Asks that when that account runs dry, would the state have to put funds into that or the program would stop.
328	Lieper	Answers affirmatively.
336	Rep. Strobeck	Asks if the means test of having annual income of \$24,500 will also apply to disabled persons.
341	Lieper	Answers affirmatively. Income limitation stays the same.
353	Rep. Strobeck	Asks if there is a limit on the value of a homestead.
357	Lieper	Answers negatively.
373	Reeder	Comments that he does not know how DOR made their estimates. Based on income tax information, in 1994 there were roughly 22,000 non-seniors who showed social security income. An estimate of about 1,400 participants in the program.

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002	Vice-Chair Beyer	Assumes that when making assumptions, Reeder considered that in a senior situation with more than one person in the home, they are probably both retired. That in a disabled situation with more than one person in the home, most likely only one will be disabled, so not only showing a social security income, but disabled household may have an employment income from person who is not disabled.
010	Reeder	States that is correct. A lot of seniors do not participate because many do not know about the program and do not one a lien on their property.
023	Vice-Chair Beyer	Asks how financial number was reached.
025	Lieper	Explains that a research company provided the starting figure of 4,545 accounts the first year, with an additional 1,000 per year. DOR computed the tax amount at \$1,330 per year.
034	Jim Manary	Department of Revenue. States that usually someone from DOR consults with someone from LRO and they did not coordinate together this time. DOR does not know how their own analyst came up with these figures.
041	Lieper	States that she knows that DOR based part of the figures based upon 1995 session.
043	Chair Brian	Asks that under the current general provision, is there a limit to how much a property owner may accrue.
044	Lieper	Responds negatively.
044	Chair Brian	Explains concern that disabled persons benefited under the bill who are younger, may exceed equity positions because of 20-30 year deferment payments.
050	Lieper	States that is correct.
050	Rep. Edwards	Clarifies that the way this program is set up for a senior who owns their home sets up a lien and then pays and then end up paying down their taxes.

058	Lieper	Answers affirmatively.
060	Chair Brian	States that if the benefited party owns their home, it is a deferral of their property tax. Property tax which is deferred becomes a lien against their property. Comments that the fund is currently about \$6 million. Asks if it is tending to "tread water."
078	Lieper	Responds that the last six years repayments have been high enough.
082	Chair Brian	Asks the total amount of deferred tax annually that gets paid by the state.
084	Lieper	Answers \$18-20 million.
085	Chair Brian	Confirms that this would be an additional \$3-6 million a year, depending on which numbers are correct.
087	Lieper	Answers yes. Explains handout from SB 311A [EXHIBIT F] .
110	Rep. Strobeck	Refers to line 10 of the existing law.
114	Chair Brian	Says he was very receptive to the bill but reality has set in now. Shows concerns of a \$3-6 million a year draw on an account and DOR is projecting a much slower payback.
126	Vice- Chair Beyer	Believes LRO should take another look at this bill and re-evaluate. Withdraws his motion (Tape 129A, Meter #254) and suggests that the committee allow LRO some time to work on the bill.
142	Rep. Corcoran	States that there are not that many people with disabilities that own homes. Limit needs to be set on tax relief amounts.
162	Rep. Strobeck	Suggests taking a look at perhaps a sliding scale mechanism.
186	Manary	Apologizes for not checking with LRO staff to line up discussion before the hearing.
199	Vice- Chair Beyer	States that the committee is beginning to get over into the way of the Ways and Means committee. If we push these seniors and disabled persons out with this legislation, we may have to serve them in other ways later.
205	Rep. Simmons	Suggests a potential threshold for discussion with the committee.
209	Chair Brian	Closes work session on HB 2559. Reopens public hearing on SB 311A.

**SB 311A -
PUBLIC
HEARING**

233	Chair Brian	Gives an outline of SB 311A. Discusses fiscal impact [EXHIBIT G] .
247	Reeder	States that there is essentially no impact of the retroactive deferral. Says that the dollar amounts that relating to condemnations are small.
268	Rep. Strobeck	Confirms that if someone is forced to move from their property, the deferral goes with them.
		States that is correct. Comments that the "seller" of the property is

273	Reeder	responsible for paying the deferred taxes. Homeowner would be responsible, not Oregon Department of Transportation (ODOT).
290	Rep. Strobeck	Asks if there is any reference to cost of new home relative to sales price of the old home.
292	Reeder	States that no reference to the cost is made. Equity in the new home must be at least \$10,000 higher than amount of deferred taxes owed.
301	Rep. Edwards	Asks that if seniors are buying a smaller home or "buying down," is it possible to get to a situation where someone is buying a house where deferral that person is paying can actually be a substantial amount of the new purchase.
343	Chair Brian	Mentions that the -3 amendments [EXHIBIT H] are narrow, and only apply when ODOT condemns the home which has been subject to deferral program.
369	Rep. Corcoran	Reiterates that -3 amendments are very narrow and it would be difficult for seniors in their eighties to have a second mortgage.
385	Chair Brian	Asks how often ODOT ends up acquiring property through condemnation which also happens to be the subject of a senior deferral.
392	Tom Martin	Highway Division/Oregon Department of Transportation [EXHIBIT I] . States that he is not sure of the number and that it is not common.

TAPE 129 SIDE B

005	Chair Brian	Explains that the committee is trying to engage the state's exposure on this type of amendment. Asks if the condemnation of a home that is subject to deferral is a once a year thing.
009	Martin	Responds that the maximum may be twice a year statewide. Legislative Assistant, State Senator Jeannette Hamby, District 5.
018	Jessica Harris	* Sponsor SB 311. * Discusses written testimony of constituent [EXHIBIT J] .
038	Manary	* Supports -3 amendments. States that DOR wanted to reinstate the couple [EXHIBIT J] , but Attorney General Office said the law did not allow for that. Comments that when state is forcing someone out of their home, it is good policy to give them a chance to continue their deferral.
055	Reeder	Comments on page 3, line 6 of -3 amendments.
078	Rep. Strobeck	Suggests that it would not be logical to expect to requalify from the initial income test.
086	Manary	Comments that DOR assumed under this language that people would only be subject to ongoing \$29,000 test, and if it is unclear, they would be happy to adopt administrative rule(s) to say that.
092	Chair Brian	Closes public hearing on SB 311A. Opens work session on SB 311A.

**WORK
SESSION**

093 Rep. MOTION: Moves to ADOPT SB 311-A3 amendments dated 03/20/97.
 Strobeck

097 Rep. MOTION: Moves SB 311A to the floor with a DO PASS AS
 Strobeck AMENDED recommendation.
 VOTE: 5-0-4

100 AYE: 5 - Corcoran, Edwards, Simmons, Strobeck, Brian

 EXCUSED: 4 - Beyer, Lewis, Rasmussen, Shetterly
 The motion CARRIES.

Chair
Brian

REP. STROBECK will lead discussion on the floor.

110 Chair Adjourns meeting at 4:35 p.m.
 Brian

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Submitted by, Reviewed by,

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Steve Wermuth Kim James

Committee Clerk Revenue Office Manager

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EXHIBIT SUMMARY:

A - SB 311A, written testimony/written material, Senator Mae Yih, 8 pp.

B - SB 311A, written testimony, Phil Aurand, 1 p.

C - HB 2559, written testimony, Rep. Peter Courtney, 1 p.

D - HB 2559, written testimony, Del Gossen, 2 pp.

E - HB 2559, written material, Staff, 1 p.

F - SB 311A, written material, Jim Manary, 10 pp.

G - SB 311A, written material, Staff, 1 p.

H - SB 311A, written material, Staff, 4 pp.

I - SB 311A, written material, Tom Martin, 1 p.

J - SB 311A, written testimony, Senator Hamby's Staff, 1 p.

K - SB 311A, written material, Staff, 1 p.

L - SB 311A, written material, Staff 1 p.