

PUBLIC HEARING & WORK SESSION:

SB 529, HB 2702

TAPES 164 A/B, 165 A

HOUSE REVENUE COMMITTEE

MAY 8, 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 (Arrived 9:45 a.m.)

Rep. Leslie Lewis

Rep. Anitra Rasmussen (Arrived 9:05 a.m.)

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck (Arrived 9:02 a.m.)

WITNESSES PRESENT: Rep. Liz VanLeeuwen

Ray Swinehart, Oregon State Grange

Lester Pugh, Clatskanie Grange

Evelyn L. Vandehey, Sunset Grange

Tony Sederey, Linn County Granges

Walt Fullmer, Hillsboro Grange

Nina Stables, Oregon State Grange

Sassie O'Sullivan, Warner Grange

James Clute, Forest Grove Grange

Richard Main, Oregon Department of Revenue

TAFF PRESENT: Brian Reeder, Economist

Barbara Guardino, Committee Assistant

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TAPE 164 SIDE A

008 Chair Brian Called meeting to order at 8:51 a.m.

PUBLIC HEARING - HB 2702

013 Rep. VanLeeuwen Sponsored HB 2702 at request of Oregon State Grange which allows people to use facilities for weddings, funeral receptions, etc. Under current law, granges cannot add anything to what they charge for long-term maintenance (new roof etc.). The granges need these extra dollars to repair their facilities.

044 Ray Swinehart Refer to written testimony verbatim (EXHIBIT A) Requesting ability to generate money for much needed repairs. Urged committee's support for HB 2702. Bill will create no cost for state or local governments, but will serve needs of state and local communities.

082 Chair Brian Asked, in bill lines 11 and 14, what is distinction between "maintenance" and "heavy maintenance."

084 Swinehart Heavy maintenance is roof repairs, repairing steps, painting. Granges have to take out loans for these purposes.

123 Lester Pugh Refer to written testimony verbatim (EXHIBIT B) In support of HB 2702, to fund heavy maintenance projects. Most buildings are older, and membership does most of repairs with donated materials.

- 161 Rep. Shetterly Asked, Pugh's opinion on the scope of maintenance in this bill.
- 165 Pugh Agreed with Swinehart, the only thing granges can charge for is lights and water. That's not a lot of money to maintain an old building.
- 170 Evelyn Vandehey Refer to written testimony verbatim (EXHIBIT C) Please vote yes allowing the Oregon granges to use revenue from rental of halls, for repair and upgrading. He takes care of the heavy maintenance for his grange. Last year, his grange members put septic tank and roof in themselves. Most granges have fund-raisers because they can't get enough donations to maintain their buildings.
- 196 Tony Sederey
- 218 Rep. Rasmussen Granges serve as meeting hall. Do churches in his community have meeting halls, too?
- 228 Sederey Two Baptist churches in his community. They have meeting halls. Halls are considered public buildings. They need to comply with Americans with Disabilities Act. Most of these buildings do not meet handicapped requirements.
- 246 Walt Fullmer Small stalls in restrooms. To be able to comply with federal law, revenues must be received from some means.. Urged approval of bill so granges can charge more and designate some of it for ADA compliance.
- 287 Rep. Shetterly Expressed doubt that increased rental charges would bring enough to purchase elevators, etc. in regard to ADA compliance.
- 296 Fullmer Cost to rent his grange is \$30. Local market would not bear too much more, probably \$75.
- 312 Nina Stables Refer to written testimony verbatim (EXHIBIT D) Grangers have to reduce their community service activities so they can raise funds for maintenance. Service projects include sponsoring youth groups, awarding scholarships, community clean-up, blood mobiles.
- 414 Sassie O'Sullivan Expressed appreciation to committee for hearing HB 2702, which was stuck in committee.

TAPE 165 SIDE A

- 033 O'Sullivan Summarized written testimony (EXHIBIT E) Page 1, paragraph 2: "Our current facility is a 1923 reproduction of the original building lost by fire..."
- Page 2, paragraph 4: "Warner grange, for example, desperately needs costly plumbing, electrical, paint, roof, and gutters. ..."
- Page 3, paragraph 4: Asked committee to include language "heavy maintenance" with the list of specifics allowed under current statute. "We understand, should you grant this new provision, we must limp along with current law for more than a year, until July 1, 1998. I hope we haven't waited too long because most of us are in trouble right now."
- 089 O'Sullivan
- 113 Rep. Simmons Concerning retroactive date, is it possible to change date to take effect earlier?
- 121 Chair Brian Asked LRO Economist Brian Reeder to check with Legislative Council to see if date can be changed to 1997.

- 128 James Clute Refer to written testimony (EXIBIT F) Summarized, Forest Grove Grange has a commercial rental with 4,000 square feet and two floors. Grange rents to News Times, is only allowed to charge \$550/month because any more would violate tax standards. Grange is not able to charge enough rental to maintain building.
- 171 Clute Newspaper occupies 2/3 of building. Grange would be taxed additionally if it charged more because it would move out of nonprofit status.
- 206 Clute Grange cannot rent out its portion of the building and gain income either.

WORK SESSION - HB 2702

- Vice
214 Chair Beyer **OFFERED A VERBAL AMENDMENT TO HB 2702 AS FOLLOWS: LINE 10 TERM "OUT OF POCKET" BE REPLACED WITH WORD "REASONABLE;" LINE 11, STRIKE WORDS "HEAVY MAINTENANCE," REPLACE WITH "FACILITY REPAIRS OR REHABILITATION." DELETE LINES 14-15; ON LINE 17, STRIKE "1998" AND REPLACE WITH "1997."**
- 243 Chair Brian **ASKED MEMBERS IF ANY OBJECTIONS TO AMENDMENTS. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- Vice
245 Chair Beyer **MOVED HB 2702 TO THE FLOOR AS AMENDED WITH A DO PASS RECOMMENDATION.**

8 - 0 - 1

- 248 **VOTE** **IN A ROLL CALL VOTE, ALL MEMBERS PRESENT VOTED AYE: REPS. CORCORAN, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK, VICE HHAIR BEYER, CHAIR BRIAN.**

MEMBERS EXCUSED: REP. EDWARDS (*Refer to tape 164-B, meter # 78, for Rep. Edward's vote.*)

- 260 Chair Brian **MOTION CARRIED. REP. SIMMONS WILL LEAD DISCUSSION ON THE FLOOR.**

PUBLIC HEARING -- SB 529

- Reviewed SB 529. Lines 18-20 "exemption shall be granted under this section whether or not the assessor is satisfied that the rent stated in the lease or lease-purchase ... reflects the savings below market rent ..."
- 280 Brian Reeder Explained, truck is owned by bank that leases it to sanitary authority. Under current law, if truck is to be tax exempt, bank must pass on tax savings to sanitary authority in terms of lease payment.
- Bank did not file on time, wants exemption anyway. Contention between assessor and bank.
- 321 Rep. Clarified, is this more than just a missed filing, it was disputed and appealed?

Shetterly

340 Rick
Main

Generally, a public body like the Roseburg sanitary authority is exempt from tax on property. This aqua truck is owned by bank and leased to sanitary authority. If a sanitary authority leases the property and files an application to the county assessor, that property is exempt from taxation by the owner. But, the lease must specify that tax savings is passed onto the lessee. In this case, sanitary district did not file application for exemption. This was appealed to Dept. of Revenue, which did not have jurisdiction to hear the case. Real issue is whether lease was written to specify appropriately that tax savings would be passed to sanitary district. Bill allows late filing, and automatically grants exemption.

394 Main

Subsequent to 1994, lease was fixed to qualify for exemptions. Question is, whether bank passed on tax savings to sanitary district. He does not know. Refund is approximately \$7,091.

414 All

Questions and discussion.

TAPE 164 SIDE B

033 All

More questions and discussion.

055 Chair
Brian

Concluded, committee needs more information to make a decision on this bill. Sponsor, Sen. Fisher, must be contacted to testify.

078 Chair
Brian

ASKED COMMITTEE IF ANY OBJECTIONS TO ALLOWING REP. EDWARDS TO VOTE FOR HB 2702. HEARING NO OBJECTIONS, REP. EDWARDS' VOTE WAS ACCEPTED.

083 Rep.
Edwards

VOTED AYE. FINAL VOTE: 9 - 0.

090 Chair
Brian

Adjourned meeting at 9:50 a.m.

Submitted by, Reviewed by,

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Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. HB 2702, Swinehart, written testimony of Ray Swinehart, 1 p.

- B. HB 2702, Pugh, Oregon State Grange, written testimony of Lester Pugh, 1 p.
- C. HB 2702, Vandehey, Please vote yes!, 1 p.
- D. HB 2702, Stables, Oregon State Grange, written testimony of Nina Stables, 2 pp.
- E. HB 2702, O'Sullivan, Sassie O'Sullivan written testimony regarding House Bill 2702, 3 pp.
- F. HB 2702, Clute, HB 2702 "Heavy Maintenance" of real property (Grange Halls) owned by fraternal organizations, 1 p.
- G. HB 2702, Reeder, Fiscal No Impact statement, 1 p.
- H. HB 2702, Reeder, Revenue No Impact statement, 1 p.
- I. SB 529, Reeder, Revenue Impact of Proposed Legislation, 1 p.
- J. SB 529, Reeder, Staff Measure Summary, 1 p.
- K. SB 529, Reeder, Fiscal No Impact statement, 1 p.