

WORK SESSION: RESCIND VOTE AND RE-PASS HB 2702

WORK SESSION: HB 2623, HB 3710

TAPES 174 A, 175 A

HOUSE REVENUE COMMITTEE

MAY 16, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Randall Edwards

Rep. Anita Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Leslie Lewis (Excused for a.m. session) Rep. Tony Corcoran (Excused for p.m. session)

STAFF PRESENT: Jim Scherzinger, Legislative Revenue Officer

Ed Waters, Economist

Brian Reeder, Economist

Barbara Guardino, Committee Assistant

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WORK SESSION --RESCIND VOTE AND RE-PASS HB 2702

Called meeting to order at 8:50 a.m.

007 Chair
Brian Explained, committee must re-pass HB 2702 because current committee rules prohibit hand-engrossed amendments, or unanimous waiver of rules, which committee failed to do. (Refer to HB 2702 -1 EXHIBIT A)

026 Rep.
Shetterly **MOTION TO MOVE HB 2702 -1 AMENDMENTS INTO HB 2702.**

029 All Questions and discussion whether amendments are accurate

050 Chair
Brian **MOTION TO ADOPT HB 2702 -1 AMENDMENTS. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

053 Rep.
Shetterly **MOTION TO MOVE HB 2702 TO THE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

6 - 0 - 3

IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, SHETTERLY, SIMMONS, STROBECK' VICE CHAIR BEYER, CHAIR BRIAN.

056 VOTE

MEMBERS EXCUSED: REPS. CORCORAN, LEWIS, RASMUSSEN (*Refer to meter #119 for Corcoran's and Rasmussen's votes*)

MOTION CARRIED. REP. SIMMONS WILL LEAD DISCUSSION ON THE FLOOR.

070 Chair
Brian Committee will stand at ease to await LC drafts for HB 2623.

103 Chair
Brian Reconvened meeting, opened work session on HB 3710 -19 amendments (Refer to May 14, EXHIBIT P).

WORK SESSION -- HB 3710

107 Vice
Chair
Beyer **MOVED CONCEPTUAL AMENDMENT, HB 3710 -19 WITH ONE CHANGE, TO DELETE PHRASE ON LINE 3 "ATTACHED TO AN EXISTING STRUCTURE".**

109 Chair Brian **ASKED FOR ANY OBJECTIONS FROM MEMBERS TO A CONCEPTUAL AMENDMENT FOR HB 3710 -19 WITH THE AMENDMENT ON LINE 3 "ATTACHED TO AN EXISTING STRUCTURE". HEARING NO OBJECTION, CHAIR SO ORDERED.**

115 Chair Brian Recessed at 9:15 a.m.

WORK SESSION - HB 2702

117 Chair Brian Reopened work session on HB 2702 to allow members to vote.

119 **VOTE REQUESTED MEMBERS ALLOW REPS. CORCORAN AND RASMUSSEN TO VOTE ON HB 2702 WITH AMENDMENTS. REPS. CORCORAN AND RASMUSSEN VOTED AYE.**

FINAL VOTE 8 - 0 - 1

128 Chair Brian Recessed 9:16 a.m.. Committee will reconvene at 3:00 p.m.

AFTERNOON WORK SESSION -- HB 2623

Reconvened meeting at 3:30 p.m.

138 Chair Brian Opened work session on HB 2623 -2 amendments (EXHIBIT B): Bill responds to court ruling to allow appeals on property taxes only by the owner. Bill widens it to prior understanding where anyone with an interest that obligates them to pay taxes on property, has standing to appeal.

156 Rep. Shetterly **MOVED HB 2623 -2 AMENDMENTS INTO HB 2623.**

158 Chair Brian **ASKED FOR ANY OBJECTIONS FROM MEMBERS TO MOVE HB 2623 AMENDMENTS INTO HB 2623. THERE BEING NO OBJECTION, CHAIR SO ORDERED.**

160 Vice Chair Beyer **MOTION TO PASS HB 2623 TO THE FLOOR AS AMENDED WITH A DO PASS RECOMMENDATION.**

8 - 0 - 1

162 **VOTE IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

MEMBERS EXCUSED: REP. CORCORAN

168 **MOTION CARRIED. REP. SHETTERLY WILL LEAD DISCUSSION ON THE FLOOR.**

177 Chair Brian Closed work session on HB 2623; opened work session on HB 3710.

WORK SESSION HB 3710

Directed members' attention to HB 3710 -22 amendments (EXHIBIT C). These incorporate earlier amendments into -4 amendments, making it the new version of HB 3710. Additions begin on page 5:

Section 2b incorporates urban renewal certification language.

Page 15 Section 11: Property-by-property M5 limitations.

179 Scherzinger Page 17, Section 12: Definition of minor construction

Page 18, beginning on line 13: Length in years of proposed local option tax; and requirement to write in red letters on mail-in envelope, "Contains vote on proposed tax increase" line 21.

Page 18, Section 14, Subsection 1(b): 100 % maximum assessed value growth when market value falls below assessed.

212 Scherzinger Directed members' attention to HB 3710 -23 amendments (EXHIBIT E): These deal with issue of 17 % reduction. Broaden reductions so total amount of reduction is based upon additional levies beyond pre-reduction levies. Amendments begin with language in lines 4 - 14: Add certification requirement so assessors will report additional levies to Dept. of Revenue. Bill deletes existing language in -22 amendments that deals with 17 % statewide reduction, substitute Section 8, that sets forth an alternative method of calculation. Calculates 17 % average statewide reduction in reducible levies, then calculates supplemental reduction against reducible levies plus additional ones. Total reduction is 17 % statewide across all levies.

Section 8 states additional levies:

(A) Pre-reduction M50 taxes

(B) Taxes used to pay qualified obligations of taxing districts

(C) Urban renewal taxes other than those used to pay principal and interest on bonded indebtedness

Operating tax levy approved by voters prior to December 5, 1996

HB 3710 -23 says Dept. of Revenue shall first compute a reduction percentage on reducible levies so average is 17 %. This mimics language in current -22 draft. Calculates initial reduction in same manner as before.

271 Scherzinger Page 3, line 8: After initial reduction is calculated, compute supplemental reduction that totals 17 % on all four levies. Take that amount of cut and spread among all levies. Estimates across-the-board additional reduction to be 1.4 %.

Bill then tells Dept. of Revenue to certify percentages to districts back to the assessor

for each district. Net effect is an initial 17 % reduction on reducible levies and an additional 1.4 % reduction on reducible levies, plus urban renewal, other than bonded debt, Portland Police and Fire, and 100 % levies.

Estimates an additional total reduction compared to -22 amendments of \$67 million, of which \$29 million is for schools/biennium.

- 315 Scherzinger The \$29 million: Based on M47 estimates, assessors assumed that if M50 were to pass there would be additional revenues for schools. This \$29 million cancels that out.
- 325 Chair Brian This means the local governments, cities, counties, special service districts statewide would add \$38 million.
- 351 Chair Brian Asked for further discussion. Refused to accept testimony from OPEU spokesman, Tim Nesbitt.
- 365 Rep. Edwards Will vote against -23 amendments. Expressed concern about school funding taking another \$29 million loss. Does favor passage of M50.
- 375 Rep. Shetterly He and Rep. Simmons signed letter to House Speaker urging state to recognize a responsibility to counties to fund shortfalls in state mandated programs. This heightens the urgency for finding money to replace shortfall.
- 396 Chair Brian Noted, voter manuals repeatedly said 17 % statewide average reduction, this measure gets there, it is imperative for legislators to do what they advertised.
- 410 Vice Chair Beyer Noted, Oregon doesn't have a state-wide property tax system, it has over 300 separate systems. None of numbers are correct on spread sheet, they will change. Average taxpayer will get one-time reduction of \$5 - \$20 under M50. M50 needs to pass because it makes changes in system to make it workable--M47 is unworkable.

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- 034 Rep. Rasmussen Told Oregon Public Broadcasting during an interview, she will support this amendment reluctantly. It will continue to worsen problems, but still believes M50 is better than M47 and is unwilling to endanger M50.
- 042 Rep. Strobeck Expressed appreciation for Scherzinger's work. Admonished newspapers for headlines saying things like "homeowners better off under M47" when the reality to homeowners is \$50 in tax relief rather than mentioning the loss in services. This is misleading.
- 060 Rep. Lewis Agreed with Strobeck that media has focused solely on dollar amount differences between two measures, rather than realizing the committee made M50 to fix unintended consequences. Feels strongly about -22 amendments, important to keep faith with taxpayers.
- 091 Chair Brian M50 requires schools be back-filled. She signed same letter that Reps. Shetterly and Simmons signed, encouraged committee to help local government.
In HB 3710 -23 amendments, there are two possible amendments, will suspend rules to make these changes:

Page 3, line 15: Substitute "multiply" for "reduce"

096 Scherzinger

110 Chair Brian **REQUESTED UNANIMOUS CONSENT TO SUSPEND RULES OF THE COMMITTEE TO HAND-ENGROSS THE ABOVE TWO AMENDMENTS TO HB 3710 -23. ASKED FOR ANY OBJECTION TO SUSPENDING THE RULES. HEARING NO OBJECTION, CHAIR SO ORDERED.**

ASKED FOR ANY OBJECTION FROM MEMBERS TO DELETING THE WORD "EXEMPT" FROM PAGE 2 LINE 5. HEARING NO OJBECTION, CHAIR SO ORDERED.

120 Chair Brian

ASKED FOR ANY OBJECTION FROM MEMBERS TO DELETING THE WORD "REDUCE" AND REPLACE IT WITH "MULTIPLY" ON PAGE 3 LINE 15. HEARING NO OBJECTION, CHAIR SO ORDERED.

124 Chair Brian Resumed standard operating committee rules.

126 Scherzinger Noted, the measure will contain some blanks for dates. Those will be filled in later during implementation process.

135 Chair Brian Asked if any further discussion on HB 3710 -23 as amended.

139 Rep. Strobeck **MOTION TO MOVE HB 3710 -23 AMENDMENTS AS AMENDED INTO HB 3710 -22 AMENDMENTS.**

146 Chair Brian **AFTER NOTING THE OBJECTION OF REP. EDWARDS, CHAIR SO ORDERED.**

160 Rep. Lewis **MOVED HB 3710 -22 AMENDMENTS AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

7 - 1 - 1

IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.

164 VOTE **MEMBERS VOTING NO: REP. EDWARDS**

MEMBERS EXCUSED: REP. CORCORAN

MOTION CARRIED.

173 Chair Brian Adjourned meeting at 4:00 p.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. HB 2702, Brian, Proposed Amendments: HB 2702, 1 p.

B. HB 2623, Brian, Proposed Amendments: HB 2623, 1 p.

C. HB 3710, Scherzinger, Proposed Amendments: HB 3710 -22, 20 pp.

D. HB 3710, Scherzinger, Proposed Amendments: HB 3710 -23, 3 pp.

E. HB 3208, HB 2285, HB 2286, Waters, Corporate Income Tax Rates (requested by committee on April 22), 1 p.

K. HB 2623, Scherzinger, Proposed Amendments: HB 2623 -1, 1 p.

G. HB 3710, Scherzinger, Effect of Measure 50 and Measure 47 on Taxing District Operating Revenue Scenario 2: 17 % Cut on All Operating Levies, 2 pp.

H. HB 3710, Scherzinger, Effect of Measure 50 and Measure 47 on Taxing District Operating Revenue Scenario 2: 17 % Cut on All Operating Levies, 30 pp.