

WORK SESSION ON SB 1215 TAPES 220 - 221 A/B

SENATE REVENUE COMMITTEE

JUNE 25, 1997 - 8:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes (arrived 8:30 a.m.)

Sen. Tom Hartung

Sen. Randy Leonard (arrived 8:30 a.m.)

Members Excused: Sen. Verne Duncan

Invited Testimony: Dave Warren, Multnomah County Budget Office

Kingsley Click, State Court Administrator

Joe Parrott, Fire Chief, City of Gresham

Jerry Hanson, Washington County Assessor

Linda Burtlehaus, Department of Revenue

Staff: Jim Scherzinger, Legislative Revenue Officer

Carol Phillips, Committee Assistant

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005 Chair Baker Opened meeting at 8:20 a.m.

OPENED WORK SESSION ON SB 1215

- 012 Dave Warren Stated that under Measure 47 it was clear that because Gresham had a levy that expired and voters did not approve rolling it over into a tax base, Measure 47 taxes paid would be about \$2 million higher in Gresham than their current levy would have authorized because it was 1995-96 less 19%. That amount would be split among the jurisdictions that overlap in Gresham based on their 1997-98 taxing authority or their 1997-98 percentage of budget being spent on public safety. Under Measure 47 Gresham would be splitting \$2 million based on current taxing amount. Multnomah County would get about \$1 million, Gresham \$600,000, and the Port of Portland and Metro would split the rest evenly. Does not understand under Measure 50 how that would be true any longer. Questions and discussion interspersed.
- 054 Sen. Bryant Stated he voted for the Gresham Amendment because it was his understanding the \$2 million could be used as the base, and not go to other districts. Discussion and questions interspersed.
- 079 Scherzinger Said Sen. Bryant was correct under Measure 47. Understands that Tax Supervising did a study on what the difference would have been had the Gresham tax base been approved. Under Measure 47 there is a benefit to all districts from the existence of that levy. The formula under Measure 50 will tend to spread some benefit statewide, but not that large an amount.
- 210 Scherzinger Added to the chart on the board to try to further illustrate points. Questions and discussion interspersed.
- 384 Warren Added that in Gresham they do not hit the \$10.00 cap, so there is no Measure 5 compression for non-schools. The passage of that levy would change what Multnomah County collects. Their loss under Measure 5 did not give Multnomah County a nickel. Tax Supervising believes that if the levy had passed it would not make any difference to what Multnomah County collects under Measure 50. Questions and discussion.
- 459 Sen. Hartung Asked if Gresham property owners would get the same 17% reduction that is provided under Measure 50?
- 467 Warren Responded that he was not sure. It looked more like 3% for them based on numbers he ran; and it would mean more than 17% for other residents of the county because it would allow Gresham to collect more property taxes than the Measure 50 amounts would otherwise produce. It would create a Permanent Rate within Gresham higher than Measure 50 and that everyone else in the county would have a reduction greater than Measure 50 would produce. Questions and discussion interspersed.

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034 Joe Parrott Said that the statewide 17% reduction is a fairly late step in the process of defining what an individual jurisdiction's property tax collections will be. Has no problem with how that process works. Pointed out that the dollars that existed in 1995-96 minus 10% funds will be collected; but the question really is who should benefit? The dollars in question were derived by the passage of a public safety levy by Gresham voters for the benefit of Gresham citizens for public safety purposes. These funds never have been and never should be Multnomah County's, or the Port of Portland's, or Metro's.

059 Scherzinger Added that the issue is confusing, but this point is worth remembering: When distributing funds statewide to districts you can trade off one district against another, but it is still the local taxpayer who pays the tax. When shifting revenue you are also shifting taxes in the sense that if you give more revenue to a particular area or district, they are paying more taxes. When shifting revenue off a district, their taxpayers are paying less taxes. None of this is the state's money; it is all the local taxpayers' money. Drew another chart on board to try to illustrate point. Questions and discussion.

105 Scherzinger Continued that what happens under Measure 50 is that the authority for taxing is determined under Measure 47, then adjusted to get to 17%, based on 1995-96 less 10%. What happens under Measure 50 is you add all that up. Under Measure 47 perhaps the county got more authority, but Measure 50 adds that all up across the code areas and then redistributes it back out on an equal rate. Questions and discussion interspersed.

157 Chair Baker Stated that if Gresham feels they are being treated unfairly because of Measure 47 and Measure 50, they have the option to go out for another levy. They have room and capacity to do that, and they should not be charging other innocent entities that do not share their problem. The reality is Gresham lost their levy, but are trying to charge \$2 million to Multnomah County, Port of Portland, and Metro to cover Gresham's loss. That seems totally unfair of Gresham to do that. Questions and discussion.

214 Chair Baker Recessed meeting at 9:05 and reconvened at 9:25 a.m.

258 Scherzinger Said that so far the Committee has adopted the (-1), (-3), (-8), and (-9) Amendments. Have a conceptual amendment requested regarding the Gresham situation, but it is not ready yet. That Amendment essentially reserves the serial levy in 1995-96 in the Measure 47 allocation and allocates that 100% to Gresham, then allocates all the rest of the Measure 47 base in proportion under the normal formula.

286 Scherzinger Exhibit A - (-23) Amendments. Refers to elections with disagreement if 50% turnout has been met or not. This permits a challenge to the determination by the County Clerk that the number of electors was met or did not meet the test. It adds another subsection to the section that permits a challenge to an election outcome. It adds a subsection to remedies that a court can order. A judge would determine if a challenge was valid. Court can order County Clerk to make new determination. In making determination court shall receive testimony from County Clerk.

345 Scherzinger Continued regarding costs and attorneys fees. Fees would not be assessed against the County Clerk unless the court makes a finding that the Clerk was at fault. Addresses who pays costs involved. Also applies to Measure 47 elections. Contests shall be filed no later than the 40th day after effective date of this act. Allows direct appeal to Supreme Court from Circuit Court if filed by 40th day after effective date of this act. Questions and discussion interspersed.

449 Kingsley Click Stated that she is comfortable with (-23) Amendments. Further testimony will be provided after the Amendments have been studied more.

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027 Scherzinger Exhibit B - (-14) Amendments. Under Measure 50 it says levies used to support hospital facility are exempt from the 17% average reductions. But Measure 50 does not define what a hospital is. This Amendment defines what a hospital is and is taken from Oregon Health Plan. Does not include clinics, rehab facilities, etc.

052 Scherzinger Exhibit C - (-17) Amendments. Miscellaneous technical corrections to SB 1215. Can get pro ration of taxes due to partial destruction of home. Addresses adjudicated value. Addresses what happens if the tax roll is late. Adds definition of what a local option tax is. Red letters on proposed tax increase ballot envelope. Questions and discussion interspersed.

380 Scherzinger Exhibit D - (-13) Amendments. These Amendments address the issue of special assessments, take general provisions out, and makes them specific. Contains some grammatical corrections in addition to other changes. Questions and discussion interspersed.

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023 Scherzinger Continued (-13) Amendments explanation. Addresses forest homesites and down-zoned property. Questions and discussion interspersed.

152 Click Said she saw just one small item in the (-23) Amendments that she would like to see made: On page 3 line 12 remove word "reasonable" before "attorney fees". Just a suggestion; not imperative.

172 Jerry Hanson Said assessors may have problem with 40-day period of time allowed on an election contest. With a September election it would push determination into month of November before they would be able to ascertain actual levy.

180 Chair Baker Said that the 40 days applies only to the time to file a suit, not for resolution of a suit. Questions and discussion.

193 Linda Burplehaus Said that the DOR has a filing requirement of October 1 which allows districts to file on that September election. If they could move the date to September 1 it would make September elections effective for the following tax year. The election prior to

September would be May.

211 Chair Baker MOVES (-23) AMENDMENTS TO SB 1215 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

212 Chair Baker MOVES (-14) AMENDMENTS TO SB 1215 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

234 Chair Baker Adjourned meeting at 10:22 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 1215, Scherzinger, (-23) Amendments, (TR/ps) 6/25/97, 4 pages

B. SB 1215, Scherzinger, (-14) Amendments, (DJ/ps) 6/24/97, 1 page

C. SB 1215, Scherzinger, (-17) Amendments, (DJ/ps) 6/24/97, 6 pages

D. SB 1215, Scherzinger, (-13) Amendments, (DJ/ps) 6/24/97, 19 pages