

PUBLIC HEARING ON

HJR 85 AND HB 3511

TAPES 065 - 066 A/B, 067 - 068 A/B

SENATE REVENUE COMMITTEE

MARCH 6, 1997 - 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard (3:12 to 3:40 p.m. absence)

Members Excused: Sen. Neil Bryant, Vice Chair

Members Present: Rep. Lee Beyer, Vice Chair (3:12 to 3:20 p.m. absence)

Rep. Tom Brian, Chair (arrived 8:55 a.m.)(3:12 to 3:20 p.m. absence)

Rep. Tony Corcoran (3:12 to 3:25 p.m. absence)

Rep. Randall Edwards

Rep. Leslie Lewis (arrived at 9:40 a.m.)

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck (arrived at 10:15 a.m.)

Witnesses: David Canary, Attorney, Garvey Schubert & Barer

Jerry Hanson, Oregon Association of County Assessors

Tom Linhares, Oregon Association of County Assessors

Tim Nesbitt, Oregon Public Employees Union

Laurie Wimmer, Government Relations Consultant, Oregon

Education Association, Oregon Association of Classified Employees

Ron Chastain, Chastain Economic Consulting

Pat Simpson, Bandon resident

Bob Cantine, Executive Director, Association of Oregon Counties

Mary Pearmine, Marion County Commissioner

Steve Bryant, City Manager, City of Albany, League of Oregon Cities

Carole Samuels, League of Oregon Cities

Kent Squires, Special District Association

Noel Klein, Special Districts Association

Sally Smith, Special Districts Association

Steve Bryant, League of Oregon Cities

Shawn Miller, Oregon Rental Housing Association

Emily Ceaderleaf, Executive Director, Multi-Family Housing Council

Staff: Jim Scherzinger, Legislative Revenue Officer

Brian Reeder, Economist

Carol Phillips, Committee Assistant

-

TAPE 065, SIDE A

008 Chair Baker Called meeting to order at 8:50 a.m.

010 Jim Scherzinger Exhibit A - Measure 47 and HJR 85 Effect on Total Revenue. Discussed how Measure 47 and HJR 85 figures compare. Questions and discussion interspersed.

OPENED PUBLIC HEARING ON HJR 85 AND HB 3511

243 David Canary Background in tax as Assistant Attorney General in the Tax Section. Represented private taxpayers for the last 15 years in property tax litigation. Appearing today as a tax consultant for the utility and centrally assessed properties that would be affected by Measure 47 and HJR 85. Purpose of testimony is to present to committees a request that if in fact HJR 85 is enacted it be enacted with an exemption for personal property and that be put into the constitution. The exemption for personal property should include intangible personal property, i.e. franchise rights, FCC licenses to operate, etc. Utility and centrally assessed property, which includes airlines, railroads, power and energy companies, and telecommunication companies, is taxed differently than all other property. Questions and discussion.

343 Jerry Hanson Exhibit B - Memorandum dated 3/5/97 re. HJR 85. Hanson is a Washington County Assessor. Assessors are definitely in support of the effort to rewrite the way the property tax system works and thinks HJR 85 is a good effort. Advises against split accounts, i.e. accounts with both types of property. The Oregon State Association of County Assessors feels HJR 85 creates a new system which eliminates much of the confusion and complexity of the current system.

TAPE 066, SIDE A

002 Hanson Been working for the past three months on Measure 47 and believes it basically unworkable. No assessor believes they can get tax bills out by October. Asked that the billing process be delayed by a month or so. For that reason alone it is worth an attempt to come up with another system. There are three areas which will actually save costs under HJR 85: (1.) Physical reappraisal (2.) Appeals activity will be less (3.) Exemption of personal property will establish some cost savings as well.

095 Tom Linhares Exhibit C - Testimony by Oregon State Association of Assessors. Recognizes that one of the stated goals of HJR 85 is to streamline the system of making property tax cost more efficient and believes HJR 85 does that. Can do more appraisals in less time with new computer system, etc. Measure 47 talked about doing away with county assessors because market value did not mean anything any longer, and that simplistic approach was soon deemed "laughable". Must retain real market value for many purposes. May want to do some re-appraisals, but not as many as are done now. Appeal load may go down considerably. Approximately 75% of taxpayers pay their property tax payment in full in November. Questions and discussion interspersed.

148 Linhares Referred to pages 3 and 4 of Exhibit C relating to what the system might cost under either Measure 47 or HJR 85. These decisions will be made at the county level, so the numbers may change dramatically depending on what those 36 individual governing bodies decide to do. Under HJR 85, the best scenario is maybe as much as \$14 million may be saved as opposed to the \$64 million current cost. Questions and discussion interspersed.

TAPE 065, SIDE B

002 Continuation of questions and discussion.

Exhibit D - OPEU written testimony dated 3/6/97. Very much supports approach to property tax reform undertaken in HJR 85. In 1978-79 households paid 40% of all property taxes. Now they pay 55%, while business tax declined by 29%. Main recommendations and suggestions:

1. Focus on homeowner property taxes.
2. Communicate the effects of HJR 85 in terms everyone can understand, aka "Show them the money!".
3. Target 10% to 15% tax cuts for homeowners.
4. Reconsider the 17% reduction of total taxes imposed in 1997-98.
5. Eliminate the rollback of values to 1995-96.

070 Tim
Nesbitt

Recommend the following:

- a. Don't accelerate implementation of the 3% cap on business properties.
- b. Delay or phase out the elimination of taxation on personal property.
- c. Consider a higher annual cap on business property taxes.

Questions and discussion interspersed.

Recommended alternatives:

- (a) Don't accelerate implementation of the 3% cap on business properties
- (b) Delay or phase out the elimination of taxation on personal property.
- (c) Consider a higher annual cap on business property taxes.

216 Nesbitt

Questions and discussion concerning Nesbitt testimony.

319 Scherzinger HJR 85 mimics Measure 47 in the sense that any homeowner or residential property owner whose value grew dramatically after 1995-96 will tend to get more relief under HJR 85 just like they would have under Measure 47 from going back to 1995 tax. It won't be identical, but that distribution will tend to make it more the same.

TAPE 066, SIDE B

003 Continuation of questions and discussion.

120 Laurie Wimmer Exhibit E - OEA - OACE written testimony dated 3/5/97. They oppose any further business tax cuts under HJR 85. Under Measure 5 business received significant windfalls in property tax relief and other income tax relief. It does not deserve further cuts. Residential property tax payers do deserve them.

170 Ron Chastain Expressed admiration for work Jim Scherzinger and the other economists are doing in dealing with Measure 47 and its ramifications.

196 Pat Simpson Exhibit F - Written testimony dated 3/6/97 regarding Urban Renewal. Made comments about property tax rates inside of and outside of Bandon city limits.

295 Chair Brian Recessed meeting at 10:30 a.m., and Chair Baker reconvened at 3:12 p.m.

314 Bob Cantine Exhibit G - Written testimony from Association of Oregon Counties. (Read entire testimony).

TAPE 067, SIDE A

002 Cantine Continued reading testimony. Questions and discussion.

064 Mary Pearmine Exhibit H - Marion County Board of Commissioners. (Read entire testimony.) Questions and discussion.

318 Steve Bryant Exhibit I - Written testimony on behalf of The League of Oregon Cities. (Read entire testimony.)

TAPE 068, SIDE A

002 Bryant Continued reading testimony. Questions and discussion.

124 Carole Samuels Made herself available to committee to answer questions. Her main concern is that language of new measure be clear. Questions and discussion concerning Bryant testimony.

209 Noel Klein Introduced members representing Special Districts Association..

231 Kent Squires Supported Committee's intent to clarify complexities in Measure 47. A number of important areas of Measure 47 have been cleaned up in HJR 85.
Regarding local control, believes property tax revenue reduction should remain proportional and should be fixed.

315 Sally Smith Exhibit J - Suggested new language to be substituted into HJR 85. Not sure language reaches intent of what it was intended to do regarding double majority requirement to pass new levy for a new taxing district. Called attention to page 2, lines 21-26. Language is confusing and does not clarify what was intended.

TAPE 067, SIDE B

002 Noel Klein Special Districts' job is to provide services people want to pay for. Measure 47 was not a vote against services; it was a vote against how those services were funded. The dilemma is that now revenues have been reduced, people still expect services. The only alternative they see to provide those services is to increase property taxes. Questions and discussion.

042 Gary Carlson Exhibit K - Written testimony dated 3/6/97. (Read entire testimony.) Believes what is going on in Oregon now is a citizen reassessment of what kind and what size of government it wants. Voters are saying government is too big and taxes are too high and need to be reduced. Will not support HJR 85 in its current form, which includes a split property tax roll. Questions and discussion.

191 Shawn Miller Exhibit L - Written testimony dated 3/6/97. (Read entire testimony.)

225 Emily Ceadarleaf Represents a trade association with 3,200 members statewide who have over 380,000 rental units in Oregon. There is no Housing Committee this session and organization is concerned about that. Is residential property for "living" purposes different than that for "commercial" purposes? Asked that definition of dwelling unit to be any unit used for residential purposes. Rep. Brian stated any reference to the number of dwelling units (referred to as 4 dwelling units) will be eliminated. Questions and discussion interspersed.

347 Chair Baker Adjourned meeting at 3:34 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

-

Exhibit Summary:

- A. HJR 85, Scherzinger, Measure 47 and HJR 85 Effect on Total Revenue, 1 page
- B. HJR 85, Hanson, OSACA memorandum dated 3/5/97, 1 page
- C. HJR 85, Linhares, Written testimony dated 3/5/97, Oregon State Assn. of County Assessors, 4 pages
- D. HJR 85, Nesbitt, Written testimony dated 3/6/97, OPEU, 4 pages
- E. HJR 85, Wimmer, Written testimony dated 3/5/97, Oregon Education Association, 2 pages
- F. HJR 85, Simpson, Written testimony dated 3/6/97, 7 pages
- G. HJR 85, Cantine, Written testimony, Association of Oregon Counties, 6 pages
- H. HJR 85, Pearmine, Written testimony dated 3/6/97, Marion County Board of Commissioners, 17 pages
- I. HJR 85, Bryant, Written testimony, League of Oregon Cities, 6 pages
- J. HJR 85, Smith, Suggested language change, 1 page
- K. HJR 85, Carlson, Written testimony dated 3/6/97, Associated Oregon Industries, 3 pages
- L. HJR 85, Miller, Written testimony dated 3/6/97, Oregon Rental Housing Assn., 1 page