

BILL INTRODUCTIONS

LC 3853 AND LC 3398 TAPES 067 A (House)

SENATE REVENUE COMMITTEE

MARCH 7, 1997 - 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Staff: Jim Scherzinger, Economist

Carol Phillips, Committee Assistant

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TAPE 067, SIDE A

007 Chair Baker Called meeting to order at 9:02 a.m.

OPENED WORK SESSION

010 Chair Baker MOTION: INTRODUCTION OF LC 3398 RELATING TO TAXATION (EXHIBIT A)
AND LC 3853 RELATING TO FEDERAL TAX LAW CONNECTION (EXHIBIT B).

THERE BEING NO OBJECTION, THE CHAIR SO ORDERED.

CLOSED WORK SESSION

REFER TO MINUTES OF HOUSE REVENUE COMMITTEE, MARCH 7, 1997, TAPES 67 AND 68, SIDE A/B, TAPE 69 SIDE A FOR BALANCE OF MEETING.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. Draft LC 3853, Baker, 75 pages

B. Draft LC 3398, Baker, 3 pages

WORK SESSION ON
HJR 85 AND HB 3511
TAPES 069 - 070 A/B

SENATE REVENUE COMMITTEE

MARCH 7, 1997 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung (arrived at 4:05 p.m.)

Sen. Randy Leonard

Members Excused: Sen. Neil Bryant, Vice Chair

Members Present: Rep. Lee Beyer, Vice Chair

Rep. Tom Brian, Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Leslie Lewis

Rep. Mark Simmons

Rep. Ken Strobeck

Rep. Anitra Rasmussen

Members Excused: Rep. Lane Shetterly (arrived 3:50 p.m.)

Witnesses: Vickey Totten, Oregon Community College Association

Jim Manary, Department of Revenue

Carole Samuels, League of Oregon Cities

R. G. Anderson Wykoff, General Manager, Salem Area Transit

Staff: Jim Scherzinger, Legislative Revenue Officer

Carol Phillips, Committee Assistant

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TAPE 069, SIDE A

- 006 Chair Brian Reconvened meeting at 3:21 p.m. Continuation of Work Session on HJR 85 and HB 3511.
- 019 Jim Scherzinger Continued discussion of outline. Section 11a - Measure 5 rewrite under subsection - definition of public school system - changed definition to remove "post-graduate" and "training" and replace with "higher education".
- 066 Vickey Totten Central Oregon Community College's plan for legislation to allow them to offer baccalaureate degrees involves their working with higher education for their funding and keeping that funding stream completely separate. If the definition described previously is redefined up to community colleges, it will not have an impact.
- 079 Rep. Brian By consensus, line 45 page 3 will strike the word "post graduate" and insert "community colleges". On line 1, page 4 delete "training".
- 086 Scherzinger Keep reference to real market value in Section 11.

Regarding difference between coercion and compulsion, encouraged no change in wording. Compulsion is a word in the appraisal profession which has been a common

- 112 Jim Manary definition for decades. If that word is changed to coercion or something else, there may be new arguments over what that means. Compulsion is a standard technical word.
- 177 Scherzinger In current Measure 5, if taxes exceed limit, it requires taxes be reduced proportionately for each district. This provision was not included in rewrite. If it was to be included it would say that you would compress the amount between the rate base and the Measure 5 limits. Was not included because it could be done in statute. There is no compulsion to have it in constitution.
- 191 Rep. Beyer What is important is the cap. Citizens are concerned that their taxes don't go up.
- 198 Carole Samuels Preference would be that the language be put in, given that it is in the constitution now and it does provide a certain element of certainty to local governments as to how compression will occur rather than leaving it to future discussions by the legislature.
- 208 Chair Brian Asked for consensus to inclusion of appropriate language that addresses proportional compression. It will be worded differently because of newer system. No objection.
- 213 Sen. Dukes Concerned that people in Napa pay more for the Port of Astoria than the people in Astoria do because Astoria is under compression and Napa is not. Questions and discussion regarding "compression". Sen. Dukes is concerned about the possibility that if you have an area under compression which is more populated than an area not under compression, you have the potential for one group to raise taxes on another group.
- 287 Scherzinger Other non-bond related issues have to do with shift restrictions. Exempt schools outright and clarify the effect of a backfill. If fully backfilled, it would be exempt from the shift restrictions.
- 336 Chair Brian The House Committee had discussed under definitions that if there is no net loss, if the revenue loss is made up by state income tax for example as in the case of schools, then there is no net loss. Therefore, a fee increase would not be a shift because there is no hole being filled.
- 340 Chair Baker Asked for the definition of "local government" on line 22 of HJR 85. Chair Brian stated that the ORS was reviewed on what "local government" is, and there was a six paragraph answer. Questions and discussion interspersed.

TAPE 070, SIDE A

- 002 Various Continuation of questions and discussion on local government, taxing district, etc.
- 382 Chair Brian Flagged the whole issue and asked to come back to it in the Saturday session.

TAPE 069, SIDE B

- 002 Chair
Brian Exhibit C - Letter dated 3/04/97 from Mike Thorne, Executive Director, Port of Portland. Property tax for Port of Portland is about 1_% of their total operation. It goes into the General Fund, as do all of their charges and fees.
- Discussed subject of Port of Portland letter.
- Option 1: Exclude our types of fees from the definition of "fee, assessment or other charge."
- Option 2: Exclude from the prohibition governments which are mostly fee-supported.
- Option 3: Exclude port districts directly. Note: The 1991 and 1993 ballot measures which would have required public votes on fee increases had specific exemptions for fees charged by ports, public utility districts, and a few others.
- Questions and discussion of this letter.
- 027 Chair
Brian The main source of revenue for transit districts is a small amount of property tax, and the rest from cigarette tax, fees, federal grants, and other sources. Numerous questions and discussion regarding Port of Portland and its fee structure.
- 182 Sen. Dukes Question regarding how fee would be treated if an individual approached Port of Portland to rent a warehouse or hangar space for a short period of time. (Port of Portland has warehouses and hangars available to rent to individuals or companies.) Further questions and discussion.
- 325 Chair
Brian Asked for a consensus from the Committee that the items under discussion be included, and then ask Legislative Counsel to determine if wording needs to be expanded to exclude charges that are not taxes or fees. There were no objections.
- 349 Chair
Brian Asked if there was anyone present who had access to Transit District's data regarding Port of Portland? Asked for information regarding Transit District non-bond property tax involvement in General Fund.
- 357 R. G.
Anderson
Wykoff There are about twelve transit districts in the state. Ten of them are dependent almost exclusively on property taxes. The other two have payroll taxes. The two largest are Lane and Tri-Met. In the case of Salem, which is the only district Wykoff had specific figures on, out of a roughly \$9 million budget, \$6 million comes from property taxes, \$1 million comes from fares, and the balance comes from the federal government and miscellaneous sources. Salem's is one of the larger transit districts. The smaller districts in rural areas are almost exclusively dependent on property taxes and depend very little on fares or other sources.
- 380 Chair
Brian Asked if fares were ever considered rent, since riders were renting space on the transit district's vehicles. Wykoff answered no. Continued questions and discussion regarding fees, charges, etc.

TAPE 070, SIDE B

002 Various Continued questions and discussion.

004 Rep. Shetterly Stated that if by defining hospitals, transit districts, and others into the list exempt from the shift, with the expectation that they are okay because they can raise their fees, that does not seem realistic because of doubt that many transit districts, hospitals, and others really could raise their fees enough to replace lost property tax revenue. There is still a need for a specific exemption or some other method of holding them harmless and not try to do it by a shift exemption.

012 Chair Brian Stated that Rep. Shetterly was correct in his thinking because transit districts and hospitals cannot make up lost revenue with increased fees. Even with a double majority, how much can a hospital charge for a box of Kleenex to make up for lost revenue?
Continued questions and discussion.

061 Chair Brian Adjourned meeting at 4:46 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

For the record only...not discussed during meeting.

- A. HJR 85, Koho, Mid-Willamette Valley Mayors Coalition, written testimony, 1 page
- B. HJR 85, Tashman, Association of Oregon Redevelopment Agencies, written testimony dated 3/7/97, 1 page
- C. HJR 85, Scherzinger, written testimony from Mike Thorne, Port of Portland, dated 3/4/97, 2 pages