

PUBLIC HEARING AND WORK

SESSION ON SB 286 AND SB 287 TAPES 122 - 123 A/B

SENATE REVENUE COMMITTEE

APRIL 23, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Members Excused: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Randy Leonard

Witnesses: Richard Meyer, Executive Director of Association of Community

Development Organizations

Ann Williams, Secretary for the Association of Oregon Community

Development Associations, and Housing Director for St. Vincent dePaul in Lane County

Carole Samuels, League of Oregon Cities

Jerry Bieberle, Represents Association of Community Development

Organizations

Staff: Brian Reeder, Economist

Carol Phillips, Committee Assistant

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TAPE 122, SIDE A

005 Sen. Dukes Opened meeting at 9:20 a.m. as a subcommittee because only three members were in attendance.

014 Brian Reeder Exhibit A - Revenue Impact Statement on SB 286. This bill allows cancellation of back property taxes when a county transfers taxable properties to a non-profit organization engaged in commercial activity. Currently those taxes can be forgiven if those properties are transferred to another government entity or to a non-profit organization that provides low income housing, but the taxes cannot be canceled if the property goes to a non-profit that is engaged in commercial activity other than housing. This would allow those transfers to be made in cases only where the property is given free of charge to a non-profit. If there is a purchase arrangement, then the taxes would not be forgiven and would be payable by the non-profit.

OPENED PUBLIC HEARING ON SB 286

039 Richard Meyer Exhibit B - Read written testimony. SB 286 gives flexibility to local communities. It will help improve life in Oregon.

090 Ann Williams Urges support of SB 286 for several reasons. SB 286 empowers local jurisdictions giving them the choice of making commercial properties available to non-profit corporations. The kind of boom Oregon is experiencing in the Portland metro area, Salem-Keizer, and Eugene does not extend to many of the rural communities. Many of those communities have identified economic rejuvenation of their downtown cores and the attraction of small business projects as being a high priority.

107 Williams Being able to pass tax-foreclosed commercial sites to community based non-profit development corporations would help to invigorate those communities. Second-story housing and commercial revitalization are important in rejuvenating downtown areas. Community Development Corporations ("CDCs") respond to emerging community needs. With the passage of welfare reform and the Jobs Plus program, communities are struggling to find jobs for workers who are eager to enter the work force.

126 Williams SB 286 will help acquire sites for small business incubator projects and for job development for individuals.

137 Sen. Hartung Asked what the downside to this bill might be. Any reasons why the bill should not be passed?

140 Meyer Has not heard anything negative about the bill. Believes this was an omission when the counties and cities were allowed to donate property for housing purposes.

148 Carole Samuels As a general matter, League of Oregon Cities feels very uncomfortable about property tax exemptions. But one good thing League of Oregon Cities likes about these bills is it gives authority to local governments to determine when property tax exemptions will be provided. Under Measure 47 and Measure 50, any property tax exemptions in the future will be a reduction of revenue for the local government.

165 Sen. Dukes Believes it is the county who ultimately says yes or no.

168 Samuels League of Oregon Cities would not object to putting a provision into SB 286 which mandates that the county must have consultation with overlapping jurisdictions. League of Oregon Cities supports SB 286 and SB 287.

CLOSED PUBLIC HEARING ON SB 286

OPENED PUBLIC HEARING ON SB 287

181 Reeder SB 287 is related to SB 286 and deals with similar issues. Allows property undeveloped but held for future development of low income housing by a non-profit corporation to be tax exempt. Currently if a non-profit is holding raw land or undeveloped property they are not tax-exempt. The reasoning is that unless they are using the property for their tax-exempt purposes there is room for abuse in simply holding land for appreciation tax-free. This would allow it to be tax-exempt only if it is held with intention of developing low income housing. If not developed in that manner, then taxes will be due retroactively.

210 Sen. Dukes Asked which local governments can grant property tax exemptions under this bill? Does this mean that one particular district can pass a resolution saying they are tax-exempt? These questions can be answered in a work session.

238 Meyer Exhibit F - Read written testimony regarding SB 287.

279 Sen. Hartung Stated that Mr. Meyer kept using term "affordable, low-income housing". Bill refers to "low income rental housing". Asked if this bill is limited to rental housing only.

285 Williams Answered that the bill also includes home ownership opportunities for low income families provided they were in a lease-to-own situation. During their lease period, which is traditionally the place where families save for a down payment and have home ownership training, the property would be exempt.

295 Sen. Hartung Portland inner city has several programs like sweat equity, etc. to assist in home ownership. Perhaps the term "rental" should be deleted as confusing. Questions and discussion.

325 Williams Currently working with a for-profit developer on a project. Under SB 287 would be eligible to file for exemption because co-general partners and the non-profit corporation will be the final owner and bear the responsibility for all project certifications. What SB 287 stipulates is an expansion of the exemption to include non-profit housing developers. Requires non-profit developer to submit application for tax exemption which includes description of proposed project and time line for how this is to be achieved.

410 Williams One of the most compelling pieces that weights in an application's favor is some degree of site control. This exemption allows a non-profit to make prudent business choices about siting projects.

TAPE 123, SIDE A

016 Sen. Hartung Likes very much what he is hearing and asked if they are experienced in siting prisons.

024 Reeder Asked if they would be holding land for two or three years while they get financing lined up. Asked how they finance the purchase and holding of land.

028 Williams Stated that many non-profit agencies have relationships with intermediaries and banks. St. Vincent dePaul currently has lines of credit with Washington Mutual, Key Bank, and with Enterprise Foundation.

037 Jerry Bieberle Cannot answer question about "local governing body", but he was the one who worked with Legislative Counsel on the bill.

043 Sen. Dukes Located an existing statute in ORS which allows cities and counties as governing bodies to make exemptions.

CLOSED PUBLIC HEARING ON SB 287

051 Sen. Dukes Meeting adjourned at 9:50 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. SB 286, Reeder, Revenue Impact Statement, 1 page
- B. SB 286, Meyer, Written testimony dated 4/23/97, 2 pages
- C. SB 286, Meyer, Problems addressed by SB 286, 1 page
- D. SB 287, Reeder, Revenue Impact Statement, 1 page
- E. SB 287, Meyer, Written testimony dated 4/23/97, 2 pages
- F. SB 287, Meyer, Problems addressed by SB 287, 1 page