

INFORMATIONAL IMPLEMENTATION OF MEASURE 50 TAPES 165 - 166 A/B

SENATE REVENUE COMMITTEE

JUNE 2, 1997 - 1:00 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

Sen. Randy Leonard (arrived 2:00 p.m.)

Staff: Jim Scherzinger, Legislative Revenue Officer

Carol Phillips, Committee Assistant

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TAPE 165, SIDE A

005 Chair Baker Opened meeting at 1:07 p.m.

037 Jim
Scherzinger

Discussion regarding what the House Revenue Committee is doing at present. As soon as school funding bill is out, the House Revenue Committee will further deliberate Measure 50. Prepared a relatively brief overview on Measure 50, to be followed by discussion of the issues which came up on the House side, including some the House Revenue Committee has not discussed yet. Exhibit A - Measure 50 Implementing Draft.

Exhibit B - Enrolled HJR 85. Discussion. Exhibit C - Revenue Impact Statement. Exhibit D - SB 1215. Exhibit E - Explanatory Statement for Measure No. 50. There are three bills now that deal with implementing Measure 50. HB 3710A is a bill the House Revenue Committee sent to the House Floor to be voted on soon. It picked out certain elements of Measure 50 and passed them out ahead of time. The House also has HB 2048 which it will use as the full implementing bill for Measure 50, which is the equivalent to SB 1215. SB 1215 is the combination of HB 3710 and the proposed version of HB 2048 with one exception. In HB 3710 the 17% statewide tax reduction was calculated on virtually all operating levies, and that was a greater reduction than was required by the actual text of Measure 50. The additional amount of reduction was distributed in HB 3710 by an across-the-board reduction in operating levies. That portion of HB 3710 (the additional cut and supplemental reduction) is not in SB 1215 at the request of Sen. Baker. All the rest of HB 3710 is in SB 1215.

Scherzinger

122 Chair Baker Advised the Members and people attending this hearing that because of the complexities of this bill, mistakes will be made. There may be a special session next year or the legislature may wait to the 1999 session to correct any errors.

142 Scherzinger Discussed overhead graphics in detail. Measure 50 - Principles: Clean up Measure 47 drafting problems. Preserve tax relief. Use rate and value limit. Recognize special cases. Reconcile existing limits. Make system more efficient.

162 Scherzinger Measure 50 is a constitutional amendment: Limit property values. Cut levies average of 17%. Freeze district rates after cuts. Voters may approve limited levies. Shift restrictions. Other efficiency changes.

180 Scherzinger Constitutional Amendment. Replaces Measure 47. Repeals levy limits. Makes efficiency changes to Measure 5.

204 Scherzinger Value Limit. 1997-98 Value = 1995-96 value less 10%. 1998-99 and after means value grows 3% per year at most. Questions and discussion.

220 Scherzinger Exceptions. Types: New construction, rezoning, subdivision, loss of exemption, omitted property. Value set at average ratio of assessed to market of existing property in same area and class. Discussion regarding example of properties comparing area and class. Also applies to rezoning, subdivisions, etc.

396 Scherzinger Levy Cut: Statewide operating tax cut of 17%. Distribute cuts among districts to achieve same distribution of relief as Measure 47. Exempt some levies. Prioritize public safety. Replace school losses.

TAPE 166, SIDE A

025 Scherzinger 1997-98 Tax Calculation chart. Discussion of complicated route to get to tax amount. Questions and discussion interspersed.

Local Cut if Statewide Measure 47 Cut is 20% (example):

Measure 47 Measure 50

15% 12.75%

214 Scherzinger 20% 17%

25% 20.5%

If new value exceeds 4% growth, Measure 50 goal reduced accordingly. Questions and discussion.

280 Scherzinger Levy Cut Exceptions: Hospitals. 100% levies (1996 to pre-Measure 47). Local option levies (post-Measure 47). Portland police and fire pension. Gap bonds. Exempt bonds. Urban renewal. Questions and discussion interspersed.

4454 Chair Baker Asked for clarification regarding 100% levies and a point of controversy regarding HB 3710 in that it may impact levies authorized under Measure 50.

450 Scherzinger Answered that what HB 3710 did is to say that the statewide goal of 17% tax reduction should be calculated not just on levies that are subject to being cut but should also include the 100% levies, Portland police and fire pension system, and some portions of urban renewal.

TAPE 165, SIDE B

057 Sen. Leonard Stated when discussion was held regarding implementing legislation for Measure 50 the Committee made a conscious decision not to cut the 100% levies discussed above.

070 Scherzinger Responded that the argument on the House side boiled down to this: The calculation is based on cuttable levies and statewide and individual reductions. Members felt the explanatory material and other materials put out on the Measure led people to believe that all the operating levies would be cut by 17% statewide. To be consistent with the Explanatory Statement (Exhibit E) and other materials, they needed to deliver a 17% cut. Questions and discussion interspersed.

084 Sen. Leonard Stated he read all the pertinent data but does not recall that interpretation. Further questions and discussion.

109 Scherzinger Believes that the House Revenue Committee Members who supported broader reduction said that property taxes would be reduced by an average of 17%. Discussed Property Tax pie chart: Subject to cut \$2.16 billion. Urban Renewal \$92 million. M5 Exempt Bonds \$352 million. Other Exempt \$166 million. (1997-98 Pre-Cut)

164 Scherzinger 3% Tax Growth: District rate frozen after cut. Value growth limited to 3% per year

unless exception occurs.

175 Scherzinger Local Option Election: Levies outside rate limit may be approved at general election or election with 50% turnout. Operating levies limited to 5 years. Capital levies limited to lesser of useful life or 10 years. Levies subject to Measure 5. Questions and discussion interspersed.

264 Scherzinger Other Changes: Limit bond levies outside Measure 5. Require voter approval of fees to make up property tax cuts. Restore January 1 assessment date. Simplify urban renewal. Convert Measure 5 to code area limits. Questions and discussion interspersed.

445 Scherzinger Total Property Taxes. Discussed graph comparing current law (pre Measure 47 law) with Measure 50.

TAPE 166, SIDE B

034 Scherzinger Property Taxes for Operations. Discussed graph showing biennial loss of \$804 million. (This chart was on Ballot Title for voter review.) Questions and discussion interspersed.

135 Chair
Baker Adjourned meeting at 2:35 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 1215, Scherzinger, Measure 50 Implementing Draft, 4 pages

- B. SB 1215, Scherzinger, HJR 85 Enrolled, 8 pages
- C. SB 1215, Scherzinger, Revenue Impact Statement for HB 3710A, 2 pages
- D. SB 1215, Scherzinger, Senate Bill 1215, 231 pages
- E. SB 1215, Scherzinger, Explanatory Statement of Measure 50, 1 page
- F. SB 1215, Scherzinger, Copies of Charts and Graphs, 9 pages