

PUBLIC HEARING AND

WORK SESSION ON SB 1215 TAPES 167 - 168 A/B

SENATE REVENUE COMMITTEE

JUNE 3, 1997 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair (left meeting at 2:25 p.m.)

Sen. Joan Dukes (arrived 1:30 p.m.)

Sen. Verne Duncan

Sen. Tom Hartung (left meeting at 2:05 p.m.)(returned 2:30 p.m.)

Sen. Randy Leonard (left meeting at 2:40 p.m.)

Staff: Jim Scherzinger, Legislative Revenue Officer

Carol Phillips, Committee Assistant

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005 Chair Baker Opened meeting at 1:15 p.m.

OPENED PUBLIC HEARING AND WORK SESSION ON SB 1215

013 Scherzinger Discussed copies of overheads (Exhibit F from 6/2/97 meeting).

016 Scherzinger Exhibit A - Measure 50 Tax Levies. Eventually there will be only five types of levies: Exempt Bond Levies outside of Measure 5, Local Option Capital Levies, Local Option Operating Levies, Portland Police and Fire Pension Levies, and the Permanent Rate of

each district. That is if system is allowed to exist long enough to get rid of the temporary levies.

058 Scherzinger Discussed Hospital Levies, 100% Levies, and Replacement Levies in detail. These three levies will occur in 1997-98 only. Questions and discussion interspersed.

174 Scherzinger Discussion regarding separate districts, i.e. extension districts in some counties that are the same as the county but have their own tax base. The question arises is it a separate district or not? In the gap between Measure 5 and Measure 50 are two temporary levies: Grandfather Urban Renewal and Gap Bonds which will be eliminated at some point in time. Questions and discussion interspersed.

415 Scherzinger Continued that between Measure 50 and Measure 5 are three other permanent levies: Portland Police and Fire, Local Option Capital Levies, and Local Option Operating Levies with detailed discussion of each type. Questions and discussion interspersed.

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030 Scherzinger Continuation of discussion of Local Option Operating and Local Option Capital Levies. Questions and discussion interspersed.

054 Scherzinger Continued that outside of Measure 5 are Exempt Bond Levies, with detailed discussion. End result of changes to levy structure will be only five types of levies instead of ten.

088 Scherzinger Discussed Exhibit A from 6/2/97 meeting. This summary divided issues into those reviewed by House Revenue Committee and those that have not yet been reviewed, but most issues have been discussed. Detailed discussion of summary. Questions and discussion interspersed.

133 Sen. Bryant Asked Scherzinger to pick a county to be used as an example to walk through for clarification of subject. Questions and discussion interspersed.

136 Scherzinger Detailed answers to various complicated questions.

204 Scherzinger Discussed Exhibit A page 1 6/2/97: Determination of assessed value and distribution of tax cuts and revenue reductions were discussed in depth by the House Committee. Page 2 - Special assessments and partial exemptions were covered, but general provisions in the bill do not work. A work group will develop a recommendation, but nothing has been drafted yet into language. Appeals, Exemptions, and Timelines have also been examined in detail. Page 3 - Imposition and Collection of Taxes, Bonding, and Local Option Taxes were briefly discussed.

Page 4 - Elections and Elections Generally were discussed next followed by items Generally Not Reviewed by House Committee: Local budget law; new districts, mergers, and divisions; urban renewal; shift restrictions; and effective dates and

323 Scherzinger emergency clauses. Also discussed were Issues Not Yet in Bill: Adjustments for errors in calculating permanent rates; county trust forest land distribution; and severance tax distribution.

391 Chair Baker Asked what would be the best way to work the bill. Would it be best to follow this 4-page outline or follow all sections of the bill?

394 Scherzinger Responded that the 4-page outline follows the sections of the bill and believes following the outline would be a good starting point. Questions and discussion interspersed.

TAPE 167, SIDE B

040 Chair Baker Stated that the Senate President has asked Members to keep evenings free for completion of bill discussion. Questions and discussion.

052 Sen. Dukes Recommended starting at 7:30 a.m. rather than work evenings.

053 Chair Baker Added that may 8:00 to 9:00 a.m. and 1:00 to 3:00 p.m. daily would be a good schedule rather than evenings. Questions and discussion.

080 Scherzinger Added that, if the Assessors would agree, the best thing to do is resolve some of the issues regarding valuation and calculation of cuts in first year so their property tax statements can be sent out in a timely manner.

085 Scherzinger Exhibit B - Page 1 Example Home Values - No Improvements. Also discussed Page 2 Calculation of Value in 1997-98. Detailed discussion with questions and discussion interspersed.

TAPE 168, SIDE B

010 Scherzinger Continuation of home value discussion. The House Revenue Committee went back to a Property-by-Property determination of rate as opposed to Code Area. Under the Measure certain kinds of property tend not to get very much value reduction or none at all because they are property that does not grow rapidly or decline in value. The tendency for that type of property will be to be valued at 100% of market most of the time. Questions and discussion interspersed.

090 Scherzinger Discussed Exhibit B - Page 2 - Change in Assessment Date and Real Market Value Definition.

156 Scherzinger Discussed Exhibit B Page 3 - Example Industrial Property. Explained how a factory and its equipment would depreciate over time; and over time the tendency will be for them to be on market value.

Exhibit B - Page 4 - Unit of Property. For example, is an entire industrial plant just

one property, or are different pieces of the plant different pieces of property? Under current law Measure 5 says that all contiguous property within a single code under common ownership and used or appraised for a single integrated purpose whether 240 Scherzinger taxed as a single account or multiple accounts is the unit of property. House Revenue Committee determined it is administratively easier to use property tax accounts as units of property, except for utilities. Also makes value partially dependent on how assessor splits property into accounts. Questions and discussion interspersed.

Added that minor construction is defined to be real property additions under \$10,000 in value per year. For example, if you put a deck on your house and it is less than \$10,000, you would not have any addition to value. This is a per year figure which the 341 Scherzinger House Revenue Committee discussed at great length. If property such as a mobile home is moved, it is considered new property if the code area changes and is revalued under the system. Classes of property are set by rule, and the areas are county wide except for utility property.

402 Chair
Baker Adjourned meeting at 3:00 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 1215, Scherzinger, Measure 50 Tax Levies, 1 page

B. SB 1215, Scherzinger, Example Home Values, 4 pages

C. SB 1215, Scherzinger, Current A & T Time Line, 3 pages