

PUBLIC HEARING AND

WORK SESSION ON SB 1215 TAPES 169 - 170 A/B

**SENATE REVENUE COMMITTEE**

---

**JUNE 4, 1997 - 1:00 P.M. - HEARING ROOM B - STATE CAPITOL BUILDING**

---

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan (left meeting at 2:45 p.m.)

Sen. Tom Hartung

Sen. Randy Leonard

Invited Testimony: Randy Bergman, Fire Chief, Clackamas County Fire District No. 1  
and City of Milwaukie

B. J. Smith, Clackamas County

Gil Riddell, Association of Oregon Counties

Tom Linhares, Columbia County Assessor

Staff: Jim Scherzinger, Legislative Revenue Officer

Carol Phillips, Committee Assistant

-

**TAPE 169, SIDE A**

005 Chair Baker Opened meeting at 1:20 p.m.

**OPENED PUBLIC HEARING AND WORK SESSION ON SB 1215**

020 Jim Scherzinger Discussed Exhibit A - 1997-98 Tax Calculation. The revenue reduction of the districts is shown on the upper part of the chart. For initial year, start by calculating Measure 5 taxes and remove exempt levies. Calculate what taxes would have been under Measure 47, then allocate them to each district within any code area to the taxing districts. Remove levies exempt from Measure 50. Compare Measure 5 taxes with Measure 47 taxes of each district to find out gap. Certify that information to the state. The state adjusts those gaps so the statewide gap turns out to be 17% by a formula.

063 Scherzinger Discussed Exhibit B - Effect of Measure 50 and Measure 47 on Taxing District Operating Revenue, which uses Clackamas County as its example. This chart uses HB 3710 assumption that there will be a supplemental reduction in operating levies under Measure 50. Do not have data on every single house and piece of property in data bank, but do have information by code area; and that is what is used to determine these figures. Detailed discussion on how to determine values.

207 Scherzinger Exhibit C - Code Area 30611 in Milwaukie. Detailed discussion of page 1 showing how tax rates would be established for 1997-98. Discussion of page 2 showed Measure 5 rates for 1995-96. Assessors will have to go back and make calculations for each property, going back to 1994-95 and comparing those taxes with 1995-96 less 10%.

345 Scherzinger Exhibit D - Calculation of Measure 47 Taxes. Discussed these figures in detail, then referred to page 3 of Exhibit C.

**TAPE 170, SIDE A**

030 Scherzinger Continued discussion of Exhibits C and D. Detailed discussion regarding how the Supplemental Reduction works. Measure 50 will distribute taxes in a way that replicates the calculations in Measure 47. When we know what the statewide reduction will be under Measure 50, the reductions for each district will mimic the reductions they would have had under Measure 47. In order to do that, it must first be determined what they would have been under Measure 47. Questions and discussion interspersed.

333 Scherzinger Exhibit E - Code Area 30790 Outside Milwaukie. Discussed rates and differences outside city. Roughly the same in estimated value, but the taxes are lower because it is outside city. Amount of reduction in every code area will be different for every taxpayer. Code areas shift from one year to the next because of annexations, etc. Questions and discussion interspersed.

**TAPE 169, SIDE B**

Continued by saying that Measure 5, Measure 47, and the loss numbers would go to the Department of Revenue ("DOR") for every district in the state. The DOR would

- 028 Scherzinger figure out total reduction for all districts, and if it is not 17% would make an adjustment to get to 17%, then certify the numbers back to the assessors as to what the Measure 50 taxes of each district would be. That rate then becomes the Permanent Rate. Questions and discussion interspersed.
- 141 Randy Bergman Had estimated budget from 17% calculation as outlined in Measure 50. The 19.8% rate is surprising to them but nothing they cannot work through. Questions and discussion interspersed.
- 189 B. J. Smith Not sure what surprises Clackamas County will encounter on implementation of Measure 50. The major change that affected them on the House side is their double majority levy. Had limited documents to review so does not know what actual impact will be. Further comments on Clackamas County budget. Questions and discussion interspersed.
- 240 Scherzinger Said that when calculating Measure 5 taxes there is an issue in how to deal with offsets on the tax roll. Certain events occur before establishing an offset. The question is, should offsets continue to be made or should treatment be different so Permanent Rates would be higher? Not clear how much of Timber Severance Funds will be acquired. In an effort to get the bill done, HB 3710 offsets were not dealt with. Questions and discussion interspersed.
- 322 Gil Riddell Said he has an opinion on the policy choice considering offsets before Measure 5 limits and turning offsets into a resource. Would prefer other process which would be similar to current practice of setting the rates and then have offsets operate as offsets. Offsets fluctuate by their nature and not sure what will happen with the Timber Severance Tax. Seems for long-term policy it makes sense to take a long-term view. Willing to accept there will be compression in some taxing districts. Questions and discussion interspersed.
- 359 Tom Linhares Added that what that does is hold taxpayer and taxing districts harmless under any given situation down the road, particularly with offsets other than Timber Tax. Columbia County has offsets as a result of an appeal from Northwest Natural Gas from two or three years ago that will be used as an offset for 1997-98 only. Questions and discussion interspersed.
- 441 Scherzinger Pointed out this is an issue which has not been fully dealt with as yet but wanted people to be aware of it.

**TAPE 170, SIDE B**

- 023 Scherzinger Stated that another issue is, can a district under-levy? There are a number of districts which have more authority than they have been using. Question is can a district certify an authority but not collect all the revenue? Proposal does allow under-levy as written. Questions and discussion interspersed.

068 Linhares Added that if there is a district that for the last several years has not levied their full authority and in future years they are prohibited from levying something less than the Permanent Rate, those districts should levy their full amount this year, whether they need it or not, or they will lose it permanently. City of Scappoose got new tax base five or six years ago. They told their voters they would increase tax base only 3% a year, and they have held consistently to that rate; but they face a real dilemma in 1997-98 if there is no option to levy something less than the Permanent Rate in the out years because 1997-98 is all important. Their tax base is \$50,000 or \$60,000 less than they could levy if they took the full amount.

093 Scherzinger Added that there are a number of districts that are substantially under-levying their continuing levies, i.e. Multnomah County, City of Lake Oswego, etc. Questions and discussion interspersed.

152 Scherzinger Stated that the only other issued not discussed yet was Urban Renewal. In first year distribution some districts will generate more revenue than they have in the past. Some adjustment should be allowed if they do not want that kind of revenue.

169 Chair  
Baker Adjourned meeting at 2:52 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

-

Exhibit Summary:

A. SB 1215, Scherzinger, 1997-98 Tax Calculation Chart, 1 page

B. SB 1215, Scherzinger, Effect of Measure 50 and Measure 47 for Clackamas County, 1 page

C. SB 1215, Scherzinger, Measure 5 - 1997-98 for Code Area 30611, 4 pages

D. SB 1215, Scherzinger, Calculation of Measure 47 Taxes, 1 page

E. SB 1215, Scherzinger, Measure 5 - 1997-98 for Code Area 30790, 4 page