

SENATE COMMITTEE ON WATER AND LAND USE

April 15, 1997 Hearing Room C

8:30 AM Tapes 59 - 60

MEMBERS PRESENT:

Sen. Veral Tarno, Chair

Sen. Bob Kintigh, Vice-Chair

Sen. Ginny Burdick

Sen. Ted Ferrioli

Sen. Bill Fisher

Sen. David Nelson

Sen. Thomas Wilde

STAFF PRESENT:

Mark Volmert, Administrator

Nancy Masee, Administrative Support

MEASURES HEARD:

SB 640 Public Hearing

SB 641 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
<u>TAPE 59, A</u>		
003	Chair Tarno	Opens meeting at 8:30 AM.
005	Chair Tarno	Continues public hearing on SB 640 and SB 641 from last meeting, will break at 9:50 AM.
<u>SB 640 AND SB 641 PUBLIC HEARING</u>		
	Don	Oregon Farm Bureau, gives background on SB 640 and SB 641 and explains how farm use assessment which is based on the

011	Schellenberg	income approach is determined. Farm Bureau is against SB 640, but considers SB 641 workable. (EXHIBIT A)
065	Schellenberg	Continues on SB 641. Needs distinction between high value and other land. Establishing a dwelling on non high value land should be easier than on high value land; opposes SB 641 as introduced but will support with amendments.
088	Chair Tarno	Asks if there is a double standard in building dwellings on farm lands.
092	Schellenberg	Says he doesn't know what is meant by a "double standard."
094	Chair Tarno	Asks how many of the 31,000 farms in Oregon can meet the \$80,000 income test.
101	Schellenberg	Before 1973 all homes on farm land at that time automatically came inside the Exclusive Farm Use (EFU) zone; the legislature at that time provided automatic farm use assessment for all parcels inside an EFU zone.
116	Chair Tarno	Asks if that still applies.
118	Schellenberg	The \$80,000 income test only applies to building a dwelling, not to qualifying for farm use land. These are two separate issues.
125	Sen. Wilde	Comments that the test is based on the size of a plot of land; says a per acre amount of income would be more fair.
143	Schellenberg	The \$80,000 test in the EFU is to assure a dwelling is really located on farmed land , and that that parcel will not become a non-farm dwelling. Outside the EFU zone, the test is to determine farm use assessment.
165	Chair Tarno	Asks if Farm Bureau supports the \$80,000 income test inside the EFU zone.
171	Sen. Kintigh	Asks if that is outside too.
172	Schellenberg	Responds, yes, inside and outside the EFU zone.
174	Sen. Nelson	Asks about the taxing results of SB 640.
173	Schellenberg	Says if this bill passes, there will be significant increase in farm taxes. It will ruin farming in Oregon. Instead of assessing the land based on its restricted use, it would be assessed on the fact that it could be cut up in 1-acre plots.
191	Richard Benner	Director, Division of Land Conservation and Development (DLCD). Opposes SB 640 and SB 641. (EXHIBIT B)
213	Benner	Explains handout which shows the tests applying to new dwellings in farm zones.
237	Chair Tarno	Asks about page 13, showing total agriculture sales less than \$10,000 gross which is attributed to 12,000 farms.
256	Benner	Explains farm income determination. Exclusive farm use zone gets farm value assessment

282	Benner	Explains exhibit and how the \$80,000 income figure was determined. Between \$10,000 and \$25,000 gross income, the average farms begin to show a profit.
293	Chair Tarno	Refers to page 14; asks how many farms make over \$25,000 a year.
301	Benner	Refers to page 17 showing examples from several counties. * \$80,000 applies only to high value farm land - about 1/3 of the EFU. * 12 million acres are not high value farm land and have 3 ways of getting a farm dwelling: (1) there is a \$40,000 test (2) if the applicant has sufficient area (3) perimeter test which looks at capability to produce an income
363	Benner	Refers to pages 19, 20, and 21 and charts. A typical farmer has a home base farm and then strings together several tracts of land to make up his 200 to 500 acres.
TAPE 60, A		
035	Chair Tarno	Asks about SB 3661 (1993 Session) which was intended to allow homes on rural tracts. The \$80,000 gross income test followed SB 3661 through administrative rule which needs to be addressed.
045	Benner	The policy statement along with SB 3661 was: * offer better protection for better farmland * loosen restrictions on the rest of the farmland
058	Sen. Nelson	Refers to page 6 about ways to build dwellings on farm land.
065	Sen. Kintigh	Asks about industrial developments gobbling up farmland along I-5 freeway.
072	Benner	The urban growth boundaries were drawn around the cities * concentrating urban development around existing services * 240 cities added only 12,000 acres to urban growth boundaries Portland metro projects needs of 18,000 acres in 40 years; 15,000 acres are in the hills of lower productivity lands.
096	Sen. Kintigh	Says we need alternatives to pushing the boundaries out.
107	Benner	The state has taken some stand on urban growth boundaries.

111	Sen. Kintigh	Describes urban growth boundary producing unnecessary sprawl.
123	Meryl Kirchem	Fifth generation homesteader since 1856; gives background on their family farming. (EXHIBIT C)
147	Kirchem	Explains the \$80,000 farm rule and how it kept them from building.
185	Kirchem	Shows pictures of their land depicting large parts as unproductive.
223	Kirchem	Explains 38 acres of part of his holdings that he cannot use; his is one of 322 century farms in Oregon.
251	Paula Diamond	Clackamas County small farmer, explains their personal experience purchasing property. (EXHIBIT D)
303	Diamond	Continues presentation on their situation. Supports SB 641 which is more realistic than the \$80,000 rule.
370	Sen. Wilde	Comments on grandfathering dwellings on property but not buildable lots.
TAPE 59, B		
017	Arnold Schmidt	Farmer, North Howell, gives his personal experience investing in small farmland and not being able to meet the \$80,000 rule to build a dwelling. Explains how he worked at another job to support the farm for years. (EXHIBIT E)
048	Schmidt	Supports SB 641 to enable building on small acreages.
057	Joan Silver	Opposes SB 640; gives testimony (EXHIBIT F) * assessments that are unfair * will drive owners off the land * today's law is fair * do not support SB 640
110	Wynter Nichols	Farmer, Clackamas County, gives personal background as a third generation Oregonian, and how they could not build on their land because of the \$80,000 rule. (EXHIBIT G)
183	Sen. Burdick	Asks if removal from farm tax deferral is right if the \$80,000 rule is changed.
217	D. J. Bleu	Clackamas County, testifies against the \$80,000 rule; SB 641 is not sufficient. (EXHIBIT H) * asks what is the real value of a 5-acre tract * need a rule for the smaller farms, 5 acres, equitable for the size of the land; SB 641 only approaches this
261	Chair Tarno	Adjourns meeting at 9:50 AM.

Submitted By, Reviewed By,

Nancy Masee, Mark Volmert,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 640 & SB 641, written testimony, Don Schellenberg, 3 pp

B - SB 640 & SB 641, written testimony, Richard Benner, 24 pp

C - SB 641, written testimony, Meryl Kerchem, 2 pp

D - SB 641, written testimony, Paula Diamond, 3 pp

E - SB 641, written testimony, Arnold Schmidt, 1 p

F - SB 640, written testimony, Joan Silver, 1 p

G - SB 641, written testimony, Wynter Nichols, 1 p

H - SB 641, written testimony, D. J. Bleu, 1 p
