

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

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PUBLIC HEARINGS: HB S 2265A, 2267A,
2196A, 2256A, AND 2261A
WORK SESSIONS: HB S 2265A, 2267A, 2196A,
2256A, 2261A, 2567 AND RECONSIDERATION
OF 2202

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MAY 19, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden

Witnesses: Jeff Gilmore, Oregon Health Sciences University
John Gervais, Ski Resorts and Summer Homes and
Medford/Jackson County Chamber of Commerce
Sen. Brady Adams, Senate District #25
Jim Manary, Oregon Department of Revenue
Bob Ellis, Multnomah County Assessor
Rob Douglas, Oregon Society of Certified Public Accountants
Al Lightner, Polk County Citizen
Roger Neu, Appraisal Institute
Larry Richards, Oregon Department of Revenue
Lincoln Cannon, Oregon Forest Industries Council
Rep. John Schoon, House District #34
Jim Bucholz, Oregon Department of Revenue
Henry Hewitt, Transportation Commission
Jim Craven, Oregon Council of the American Electronics Assn.
Jim Whitley, Associated Oregon Industries
Bill Penhollow, Association of Oregon Counties
David Barenberg, League of Oregon Cities
Marge Kafoury, City of Portland
Dennis Mulvihill, Washington County
Gary Conkling, Tektronix
Victor Dodier, Oregon Department of Transportation
Dick Feeney, Tri-Met
Alan Willis, Port of Portland
Don Forbes, Oregon Department of Transportation
The Honorable John Kitzhaber, Governor of the State of Oregon
Marshall Cove, Oregon Trucking Association
Ken Armstrong, Oregon Public Ports Association

Staff: James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Steve Bender, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 130 - SIDE A
005 Chair Phillips -calls the meeting to order at 1:26 pm as a subcommittee
HB 2261A PUBLIC HEARING
007 Steve Meyer -presents staff overview of HB 2261A which extends repeal date
for certain property tax exemptions from 1996 to 2002
-groups affected by the measure include board of higher education leasing
parking for students and employees, federal land leased to recreational
facilities such as ski resorts and marinas, federal land leased to summer
home owners, cargo containers used in ocean commerce, and Indian land in
the process of being transferred into a U.S. trust
(quorum established)
016 Chair Phillips -declares potential conflict of interest (federal land
lease)
023 Jeff Gilmore -Oregon Health Sciences Center
-refers to Proposed (-3) Amendments to HB 2261A (Exhibit C) which contain
clarifying language to exempt Oregon Health Sciences parking structures
from property tax
040 John Gervais -representing Summer Home Owners and Resorts
-explains that 3-1/2% of resort gross income is paid by resorts to the
federal government, of which 25% reverts to local counties as an offset to
property taxes

-describes effect of the measure and states support for its passage
055 Allan Willis -Port of Portland
-refers to written testimony from the Port of Portland in support of
Section 7 (cargo container exemption) in HB 2261A (Exhibit D)
HB 2261A WORK SESSION
071 Chair Phillips -summarizes the measure and testimony for the benefit of
Senators Trow and Gold
-refers to Fiscal Impact included in Exhibit A
072 -questions and discussion
080 Chair Phillips -MOVES THE PROPOSED (-3) AMENDMENTS TO HB 2261A
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
HB 2265A PUBLIC HEARING
102 Steve Meyer -presents staff summary of HB 2265A which deals with the state
program that partially funds assessor offices and makes some administrative
changes in the timeline followed by counties and Dept. of Revenue
-the program is funded from the real estate transfer fee and 4% interest on
delinquent taxes
119 Jim Manary -Oregon Department of Revenue
-explains that the measure is a timeline change agreed to by the Department
of Revenue and counties to "improve the process"
125 Bob Ellis -Multnomah County Assessor
-states support for measure
HB 2267A PUBLIC HEARING
131 Steve Meyer -presents staff overview of HB 2267A which eliminates property
tax exemption for radiation fallout shelters and deletes the requirement
that assessors actually put a value on federal property and report that to
the Department of Revenue (even though federal property is not taxed)
158 Chair Phillips -notes no testimony forthcoming, and no known opposition
HB 2261A WORK SESSION
165 Chair Phillips -explains amendments intended to combine HB 2265A and
HB 2267A into HB 2261A, with the same relating clauses and no known
controversy so that "we might as well move them through in one vehicle"
-distribution of the Proposed (-2) Amendments to HB 2261A (Exhibit B)
-notes inclusion of SB 687 regarding rental equipment included in Section 12
of the Proposed (-2) Amendments to HB 2261A (Exhibit B)
213 Chair Phillips -MOVES PROPOSED (-2) AMENDMENTS WITH CONCEPTUAL AMENDMENT
REMOVING REFERENCE TO SB 687 (EXCLUDING SECTIONS 12-13) INTO HB 2261A AS
PREVIOUSLY AMENDED BY THE (-3) AMENDMENTS
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
211 Sen Walden -MOVES HB 2261A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS
RECOMMENDATION
227 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
Sen. Walden -will carry the measure on the Senate floor
HB 2567 WORK SESSION
220 Sen. Brady Adams -Senate District #25
-declares potential conflict of interest as a certified appraiser and
member of the Appraisal Institute
-expresses concerns about HB 2567 which allows property taxpayer to be
represented by certified public accountant before board of equalization or
board of ratio review
-supports and urges favorable committee consideration of the Proposed (-2)
Amendments (Exhibit E) introduced by Sen. Gold which "allows each of the
professions to maintain their area of expertise without infringing on the
other"
-questions and discussion about potential mandates by boards of
equalization
286 Jim Manary -Oregon Department of Revenue
-advises that boards of equalization have their own appraisers and that he
sees the measure as dealing with an "evidence issue"
318 Sen. Gold -states support for the measure and rationale for the Proposed
(-2) Amendments
325 Sen. Adams -provides additional information and states that "I would
submit that the determination of market value is something that needs to be
done by a professional" with specific expertise and training
358 -discussion of appraisal cost to the taxpayer
391 Bob Ellis -Multnomah County Assessor
-describes appeal process in Multnomah County and situations where
appraisal is performed
-questions and discussion about roles of appraisers and accountants
TAPE 131 SIDE A
026 Rob Douglas -Oregon Society of Certified Public Accountants
-expresses concern with Proposed (-2) Amendments that "the board of
equalization could require the taxpayer to utilize the services of an
appraiser" and that it might present an unfair burden for the taxpayer
-states no intent by accountants to "encroach upon appraisers" but to have
them appear before boards of equalization on the first level as accountants
do at all other levels
052 -discussion of what amendments might have been presented to the House,
the board of equalization process, and determination of real property value
by CPAs versus attorneys
096 Al Lightner -Oregon Citizen, Polk County
-states that the cost for requirement of appraisal might discourage people
from seeking appeal before boards of equalization
112 Roger Neu -Appraisal Institute, Chairman
-reiterates that 5% of appeals deal with personal property "and things that
accountants work with every day" and 95% of appeals deal with real property
-states that legislation regarding appraisers came into being four years
ago, and parties allowed to represent people have been allowed to do that

for 30-40 years under old statutes which govern assessment appeal
 -cautions against weakening statutes and states support for Proposed
 (-2) Amendments
 149 -questions and discussion about cost of appraisal which might discourage
 property owners from seeking reduction in value, mandates by board of
 equalization, and rationale for original legislative exemption of CPAs from
 appraisal licensing
 205 Chair Phillips -summarizes issues being addressed in the bill
 -questions and discussion continue
 385 Douglas -"I had no idea from the day this was introduced, that this would
 become a contentious issue...it was not our intention to turn this into a
 controversy"
 Douglas -summarizes that CPAs are at least as qualified as those people
 currently allowed to appear before boards of equalization and that the
 measure is intended to help the taxpayer who doesn't "have somebody on
 staff"
 -notes that CPAs are specifically exempted from statutes put in place by
 the Oregon legislature regulating appraisers
 398 Sen Trow -states opposition to the Proposed (-2) Amendment which adds
 "unnecessary complication to the bill"
 423 Sen Walden -MOVES HB 2567 TO THE SENATE FLOOR WITH A DO PASS
 RECOMMENDATION
 431 Chair Phillips -ROLL CALL VOTE MOTION PASSES 4-1
 SENATORS VOTING AYE: HARTUNG, TROW, WALDEN & GOLD NAY: PHILLIPS
 Sen. Trow -will carry the measure on the Senate floor
 TAPE 130 SIDE B
 (SEVERAL MINUTES OF COMMITTEE RECESS)
 HB 2196A PUBLIC HEARING
 015 Dick Yates -presents staff overview of HB 2196A which requires sellers or
 purchasers of timber in Oregon to report particulars of sale to Department
 of Revenue
 -measure standardizes eastern and western Oregon reporting requirements and
 directs reporting requirements by sellers of logs first cut in Oregon
 045 Larry Richards -Oregon Department of Revenue
 -states no known opposition to the measure, nor any unintended consequences
 060 Lincoln Cannon -Oregon Forest Industries Council
 -states support for HB 2196A
 HB 2196A WORK SESSION
 063 Sen. Walden -MOVES HB 2196A TO THE SENATE FLOOR WITH A DO PASS
 RECOMMENDATION
 064 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 Sen Hartung -will carry measure on the Senate floor
 HB 2256A PUBLIC HEARING
 072 Rep. John Schoon -explains development of HB 2256A which establishes First
 Break Program to provide tax credits for employers who hire gang-involved
 or gang-affected youth
 112 -describes support from the House of Representatives but problems with
 source of funding for the measure
 121 -distributes hand-engrossed copies of HB 2256A and describes changes from
 the original bill to move the concept forward with no financial effect in
 this biennium
 -states hope that the next session of the legislature will create an even
 better program with certain funding
 165 -asks committee to consider the measure on the basis of "whether it is a
 good investment for the State of Oregon and whether it will help get people
 to work instead of in gangs and eventually in jail"
 160 Sen Hartung -states support for the concept and the amendments
 HB 2256A WORK SESSION
 170 Chair Phillips -commends Chair Schoon for work in this legislative
 session and on this project
 173 Sen Gold -reports observation of strong support from the House
 182 Sen Walden -reports inviting gang-affected youth group into caucus
 several years ago, and dramatic impact of their presentation "I'll always
 remember the kid who said he would have been in a shoot-out and probably in
 jail, except he had a job"
 189 Sen Hartung -MOVES ADOPTION OF THE HAND-ENGROSSED VERSION OF HB 2256A
 -discussion and comments from staff
 Chair Phillips -MOVES ADOPTION OF FRIENDLY AMENDMENTS FOR RE-NUMBERING IN
 THE HAND-ENGROSSED VERSION OF HB 2256A
 -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 218 Sen Hartung -MOVES ADOPTION OF HAND-ENGROSSED HB 2256A AS AMENDED TO THE
 SENATE FLOOR WITH A DO PASS RECOMMENDATION
 220 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 Sen. Hartung -will carry the measure on the Senate floor
 HB 2202A RECONSIDERATION
 230 Chair Phillips -MOVES RECONSIDERATION OF HB 2202A (which was previously
 sent to the Senate floor with a Do Pass Recommendation)
 -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 HB 2202A WORK SESSION
 243 Chair Phillips -describes the measure which would return the personal and
 corporate kickers in the form of a check based on 1993-94 tax liability
 -states concerns raised concerning reducing administrative cost and
 improving administrative functioning
 258 Jim Bucholz -Oregon Department of Revenue
 284 -describes improvements which could be made in measure, and associated
 costs
 295 Sen Walden -suggests that enclosure with checks explain the refund and
 reference the 2% kicker
 320 Chair Phillips -comments on legislative intent (see in Sen. Walden's
 motion which follows)

338 Sen Walden -MOVES CONCEPTUAL AMENDMENT TO HB 2202A THAT THE CORPORATE KICKER REFUND BE BASED ON THE 1995 TAX YEAR, AND THE PERSONAL KICKER REFUND BE BASED ON THE 1994 TAX LIABILITY

375 Chair Phillips "It is the legislative intent although not stated in Sen. Walden's motion, that we will to the best of our ability, notify taxpayers as to why they are getting these checks in order to reduce appeals and provide information"

-HEARING NO OBJECTION TO SEN. WALDEN'S MOTION, THE CHAIR SO ORDERS

365 Chair Phillips -asks Dept. of Revenue for any other suggestions
-discussion of Department cost reduction from economy of scale, timing of refunds, refund procedures, and education of taxpayers

TAPE 131 SIDE B

053 Chair Phillips -summarizes the previous conceptual amendment and that the measure provides for costs of refunding to be paid from kicker proceeds
-clarifies the measure's offset provision (if you owe a debt to the State of Oregon, it offsets your kicker refund)

081 Chair Phillips -MOVES AMENDED HB 2202A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

-ROLL CALL VOTE MOTION PASSES 3-2
-SENATORS VOTING AYE: HARTUNG, WALDEN & PHILLIPS
NAY: TROW & GOLD

(Senators Gold and Trow serve notice of a possible minority report)
Chair Phillips -will carry the measure on the Senate floor

(FIVE MINUTE RECESS)

HB 2267A WORK SESSION

105 Chair Phillips -explains that HB 2267A was considered earlier in the day's proceedings, and its content was moved into another bill (HB 2261A)

-MOVES DELETION OF THE CONTENT OF HB 2267A WITH EXCEPTION OF THE RELATING CLAUSE

-HEARING NO OBJECTION, SO ORDERS

110 -introduces discussion of a gas tax
-explains proposal for a 1 cent increase in the gas tax beginning in 1996 followed by another 1 cent beginning in 1997 and to make sure the gas tax ("which is really a user fee") reflects the economy, suggests that the gas tax be indexed based on the CPI with a cap of no more than 2 cents per year
-states intent to receive testimony for the measure

151 Henry Hewitt -Transportation Commission, Chair
-explains involvement in transportation finance and related issues throughout the state
-describes need for improvement in transportation funding

183 -supports Proposed (-2) Amendments to HB 2267A (Exhibit T)

199 Hewitt -in response to question by Sen. Gold, describes bills introduced in the legislative process for gas tax increase, registration fee increase coupled with constitutional amendment to permit use for public transportation, and lottery package proposal to fund commitment to transportation such as high speed rail, Medford hall road and aeronautics as well as future expansion of light rail

218 Jim Craven -Oregon Council of the American Electronics Association
-states Board's official position favoring additional funding for transportation infrastructure through gas tax user fees
-supports the Proposed (2) Amendments to HB 2267A (Exhibit T)

238 Jim Whittey -Associated Oregon Industries
-states no position on the "escalator"
-states support for the gasoline tax as proposed, but opposition for increase in the weight-mile

260 Chair Phillips -clarifies that the amendments do not include the weight mile issue
-summarizes support from Associated Oregon Industries (representing 15,000 members - both large and small employers), with judgment reserved on the escalator

266 Craven -in response to question from Chair Phillips, states that the Oregon Council of the American Electronics Association represents approximately 50,000 workers in the high-tech community

261 Sen Trow -states position in support of additional revenue for the highway fund

271 Hewitt -in response to question by Sen. Trow, states that the gas tax revenue would be used just for roads, bridges and seismic improvements
Hewitt -in response to question by Sen. Gold, explains that gas tax revenue is used for maintenance, preservation, and new roads to avoid deterioration in the system

293 Bill Penhollow -Association of Oregon Counties
-states support for Proposed (-2) Amendments to HB 2267A (Exhibit T)
-supports an index to address the issue off future inflation
-describes measure's benefit to offset revenue losses throughout the state over the past five years

336 David Barenberg -League of Oregon Cities
-states support for Proposed (-2) Amendments to HB 2267A (Exhibit T)
-explains perspective of cities that are currently lacking the financial ability to move forward with new projects or maintain investment in transportation network infrastructure
-makes comparisons of Oregon gas tax with other states and that the Proposed (-2) Amendments "still keeps us at the lowest end of the Western states and among the lowest in the nation"

TAPE 132 SIDE A

016 Marge Kafoury -City of Portland
-states support for Proposed (-2) Amendments (Exhibit T)

020 Dennis Mulvihill -Washington County
-states 100% support for the proposal from the Board of Commissioners

024 Gary Conkling -Tektronix
-states support for proposal
Conkling -points out need to consider a balanced transportation system to maintain mobility for all citizens throughout the state
(Sen. Gold assumes duties of Acting Chair as Sen. Phillips is briefly excused)

050 Victor Dodier -Oregon Department of Transportation, Transportation Finance Committee

-explains Finance Committee coalition work with the business community throughout the state to develop legislative support for a balanced transportation package

068 in response to question from Acting Chair Gold, states support from Mr. Shoemaker (editing note: should read "Bob Shiprack of the Oregon Building Trades Council) who testified before the House Revenue Committee in support

of the transportation finance proposal
(SEVERAL MINUTES RECESS AWAITING RETURN OF CHAIR PHILLIPS)

083 Dick Feeny -Tri-Met
-states strong support for gas tax increase, and would like to see an increase in the registration fee with constitutional amendment
-"we're at a point now where we desperately need some more road funds coming into the tri-county area.."
093 Alan Willis -Port of Portland
-supports Proposed (-2) Amendments under consideration (Exhibit T)
-states concern for movement of freight and balance for the transportation

system

113 Chair Phillips -summarizes support for the Proposed (-2) Amendments to HB 2267A (Exhibit T)
122 -calls for any opposition to the proposal
131 John Gervais -Medford/Jackson County Chamber of Commerce
-states support for Proposed (-2) Amendments for gas tax increase
152 Dick Yates -presents section-by-section staff explanation of the Proposed

(-2) Amendments

-points out drafting error in Section 2, line 14 - should be "On January 1,

1996"

continues staff explanation:

179 -at Section 3
183 -at Section 4
221 -at Section 7
235 Chair Phillips -emphasizes that the proposal has nothing to do with weight-mile tax
250 Don Forbes -Department of Transportation, Director
-explains that "virtually all of this" would be directed toward construction
276 Chair Phillips -for the benefit of the Governor, summarizes testimony received in support of the proposed gasoline tax
264 The Honorable John Kitzhaber, Governor of the State of Oregon
-commends committee for consideration of amendments and lends full support to intent and letter of amendments to HB 2267A
-describes need throughout the state for adequate resources to invest in surface transportation systems which contribute to economic growth
300 -"I am very strongly in favor in favor of this and will do whatever I can to insure its passage"
293 Dick Yates -explains revenue impact estimated at \$27.6 for the 1995-97 biennium and \$35 million in the next biennium
315 Chair Phillips -for the record, states support for the measure from the National Electrical Contractors
322 Marshall Cove -Oregon Trucking Association
-testifies in support of concept
-suggests a friendly amendment to eliminate the weight mile tax to be replaced by the fuel tax
351 Ken Armstrong -Oregon Public Ports Association
-supports Proposed (-2) Amendments that would improve movement of goods and

services

371 Chair Phillips -asks for additional testimony
-MOVES CONCEPTUAL AMENDMENT AT PAGE 2, LINE 14 OF PROPOSED (-2) AMENDMENTS
TO HB 2267A TO: "JANUARY 1, 1996"
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
400 -MOVES CONCEPTUAL AMENDMENT TO RESTRUCTURE SUBSECTION C OF THE PROPOSED (2) AMENDMENTS TO HB 2267A SO THAT THE ESCALATOR DOES NOT EXCEED 2 CENTS IN ANY CALENDAR YEAR (BASIS POINT OF 26 CENTS)
411 -discussion of the CPI factor
403 -HEARING NO OBJECTION TO THE ABOVE CONCEPTUAL AMENDMENT, THE CHAIR SO ORDERS
430 Chair Phillips -MOVES THE SAME CONCEPTUAL AMENDMENT FOR CONSISTENCY ON PAGE 5 OF THE PROPOSED (-2) AMENDMENTS TO HB 2267A
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
440 Chair Phillips -MOVES ADOPTION OF THE PROPOSED (-2) AMENDMENTS AS AMENDED INTO HB 2267A
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
-calls for additional testimony
450 Sen Trow -appreciates hearing and suggests an additional hearing on Monday
TAPE 133 SIDE A
010 Chair Phillips -recaps testimony received from "the Governor, the (Transportation) Commission Chair, the (Transportation) Department, AOI..., AEA, the Ports, Cities, Counties, specifically Washington County, Portland, Tektronix, Transit including Tri-Met, Port of Portland, the Medford/Jackson Chamber of Commerce, NICA, OTA with comments on the weight mile tax..., and the Oregon Public Ports Association"
033 Chair Phillips MOVES HB 2267A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION
-ROLL CALL VOTE: MOTION CARRIES 5-0
SENATORS VOTING AYE: HARTUNG, TROW, WALDEN, GOLD & PHILLIPS
035 Chair Phillips -adjourns the meeting at 4:22 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James

Office Manager

Exhibits Summary:

- A. HB 2261A, Meyer, Staff Measure Summary - House Committee on State and School Finance, Revenue Impact of Proposed Legislation, Fiscal Analysis, and Measure History
- B. HB 2261A, Proposed (-2) Amendments to HB 2261A (BPS/dj/ng) 5/19/95
- C. HB 2261A, Proposed (-3) Amendments to HB 2261A (BPS/ng) 5/19/95
- D. HB 2261, Willis, testimony from Port of Portland, 5/19/95
- E. HB 2567, Meyer, Proposed (-2) Amendments to HB 2567 (BPS/dj/ng) 5/19/95
- F. HB 2265A, Staff Measure Summary - House Committee on State and School Finance, Revenue Impact of Proposed Legislation, and Fiscal Impact Assessment
- G. SB 1075, Bender, Proposed (-3) Amendments to SB 1075 (BPS/hk) 5/19/95
- H. SB 1075, Bender, Staff Measure Summary - Senate Committee on Government Finance and Tax Policy
- I. HB 2256A, Bender, Staff Measure Summary - House Committee on State and School Finance
- J. HB 2256A, Bender, Fiscal Analysis of Proposed Legislation, 5/3/95
- K. HB 2256A, Bender, Revenue Impact of Proposed Legislation, 4/27/95
- L. HB 2196A, Yates, Fiscal Analysis of Proposed Legislation, 5/3/95
- M. HB 2196A, Yates, Revenue Impact of Proposed Legislation, 4/30/95
- N. HB 2196A, Yates, Staff Measure Summary - House Committee on State and School Finance
- O. HB 2202A, Bender, Staff Measure Summary - Senate Committee on Government Finance and Tax Policy and Revenue Impact of Proposed Legislation of 5/18/95
- P. HB 2202A, Bender, Proposed (-10) Amendments to HB 2202A (BPS/dj/ng) 5/18/95
- Q. HB 2267A, Meyer, Staff Measure Summary - House Committee on State and School Finance
- R. HB 2267A, Meyer, Revenue Impact of Proposed Legislation, 4/27/95
- S. HB 2267A, Meyer, Fiscal Impact Assessment, 5/2/95
- T. HB 2267A, Yates, Proposed (-2) Amendments to HB 2267A (JR/lg)