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PUBLIC HEARINGS: SB 405, SB 206, SB 249  
& 687  
WORK SESSION: SB 405  
TAPES 060-061, A/B

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

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MARCH 16, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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

Excused: Sen. Eugene Timms

Witnesses: Frank E. Brawner, Oregon Bankers Association  
Jim Manary, Oregon Department of Revenue  
Mike Scott, Power Rents and Oregon Equipment Rental Assn.  
Bonnie Swett, South Umpqua Rentals in Myrtle Creek and  
President of Oregon Equipment Rental Assn.  
Jim McCauley, Associated Oregon Loggers  
Greg Gaston, Huffman and Wright Logging Co.  
Gary Betts, More Logs, Inc.  
Jim Gahlsdorf, Gahlsdorf Logging Co.  
Bob Luoto, Associated Oregon Loggers, Luoto Logging  
Dennis Day, Polk County Assessor & Oregon State Association  
of County Assessors  
Mark Nokes, Linn County Tax Collector and Assessor  
Bob Ellis, Multnomah County Assessor  
Gil Riddell, Association of Oregon Counties  
Don Schellenberg, Oregon Farm Bureau Federation  
Bob Cantine, Association of Oregon Counties (written statement  
read into the record by Chair Phillips, Tape 61 Side B-105)

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

TAPE 060 - SIDE A  
005 Chair Phillips -calls the meeting to order at 1:10 pm as a subcommittee  
SB 405 PUBLIC HEARING  
023 Frank E. Brawner -Oregon Bankers Association & Independent Community  
Banks of Oregon

-explains that SB 405 deletes obsolete references to Customer Bank Communications Terminals and that Section 2 corrects oversight referring to

branch office fee applications for state-chartered savings banks

-another needed correction is statutory cross-reference on page 2, lines 36-37

034 -questions and discussion (see Work Session for this measure at #285)

SB 206 PUBLIC HEARING

059 Jim Manary -Department of Revenue

(quorum established)

-explains that SB 206 involves a fiscal issue of the senior tax deferral program (see Exhibit T distributed 2/8/95 - Sr. Citizens Property Tax Deferral)

090 -issue is whether administration of the fund should come from program proceeds or from the general fund - cost is approximately \$700,000/biennium

097 -discussion of whether measure would restrict availability of funds to program users, stabilization in program growth, and if program is being effectively promoted

137 Steve Meyer -provides staff clarification

144 -discussion of referral of the measure to Ways and Means and transfer of

accumulated reserve account to general fund

193 -comments that amending language is needed

105 Chair Phillips -suggests conceptual language be coordinated with legislative counsel and that a future work session be scheduled for bill

SB 249 PUBLIC HEARING

211 B.J. Smith -League of Oregon Cities

-provides history of tax coordination measure

230 -states no position either for or against measure "I think tax coordination is a very good idea - I think it does work at the local level"

282 -suggests an amendment for reference to SB 277 which allows for categorization of the Chemeketa Community College Library levy under the nonschool limits

280 Chair Phillips -directs staff to confer with legislative counsel

SB 405 WORK SESSION

285 Chair Phillips -reviews public testimony and purpose of measure presented

to subcommittee earlier in today's meeting

301 Sen Trow -MOVES SB 405 TO SENATE FLOOR WITH A DO PASS RECOMMENDATION

322 Chair Phillips -ROLL CALL VOTE: MOTION PASSES 5-0

-SENATORS VOTING AYE: HARTUNG, TIMMS, TROW, WALDEN, GOLD & PHILLIPS EXCUSED:

TIMMS

(Sen. Walden declares potential conflict of interest as member of a bank board)

328 Sen. Trow -will carry bill on the Senate floor

SB 687 PUBLIC HEARING

325 Mike Scott -Oregon Equipment Rental Association and Power Rents

-introduces Bonnie Swett of South Umpqua Rentals in Myrtle Creek and

President of Oregon Equipment Rental Association

-testifies in support of SB 687 and distributes written testimony

(Exhibit C)

364 Bonnie Swett -brief testimony about advantage of SB 687

373 Chair Phillips -initiates discussion of definition of "goods"

-questions and discussion about conflicting definitions of "goods" between

UCC and Tax Code

TAPE 061 SIDE A

007 Chair Phillips -summarizes issues addressed in measure

-additional discussion about history of conflicting definitions, fiscal impact of measure, and situation in other states

054 Jim McCauley -Associated Oregon Loggers

-presents written testimony in support of SB 687 (Exhibit D)

-describes work in recent years on the issue of personal property tax as applied to logging equipment

-explains situation of logging industry reduced timber harvest, and sees

SB 687 as "an investment in the rural communities - as an investment in a lot of the logging companies that are out there having a difficult time.."

-questions and discussion about taxation of logging equipment as inventory

131 Greg Gaston -Huffman and Wright Logging Company  
(SEE PROPOSED (-1) AMENDMENTS - EXHIBIT K, AND PROPOSED (-2) AMENDMENTS -  
EXHIBIT L, FOR LOGGING EQUIPMENT EXEMPTIONS TO SB 687)

-introduces written testimony in support of SB 687 (Exhibit E)

160 -states that personal property taxation on logging equipment has  
"created an administrative nightmare" for his company  
-gives example of problems with complicated and expensive tax appeal and  
re-appraisal process for logging equipment inventory  
-explains seasonal aspects of logging business, but on-going taxation of  
equipment

217 -discussion of equipment valuation, depreciation, true values for  
logging equipment established at auction, appeal process used primarily by  
larger companies, consistency of tax policy (corporate vs. personal  
property taxes), and tax shift at the local level

298 Gary Betts -More Logs, Inc., Sweet Home  
-distributes written testimony (Exhibit F) in support of SB 687  
-describes situation of equipment used infrequently and not at all since  
logging of federal timber has stopped, and sale of equipment which limits  
subsequent ability to bid on certain jobs

357 Jim Gahlsdorf -Gahlsdorf Logging Co.  
-distributes written testimony (Exhibit G) in support of SB 687 which would  
benefit small logging operations

TAPE 060 SIDE B

006 Gahlsdorf -explains that as owner of a small logging operation, he has  
limited time and resources to appeal some of the assessments made on his  
company's logging equipment

013 -discussion about variation of county assessments on logging equipment

016 Bob Luoto -Associated Oregon Loggers and Luoto Logging in Carlton  
-distributes written testimony (Exhibit H) in support of SB 687 which is  
crucial to continued investment in logging and improving stability of local  
communities

049 -describes changes in logging industry in recent years  
-suggests consideration of (-2) Proposed Amendments to SB 687 (Exhibit L)

061 Chair Phillips -states that staff fiscal analysis will be prepared on  
this issue

065 Dennis Day -Polk County Assessor and Oregon State Association of County  
Assessors  
-introduces Linn County Assessor Mark Nokes, and Multnomah County Assessor  
Bob Ellis  
-distributes written testimony containing assumptions about pertinent  
issues in SB 687 (Exhibit I)  
-expresses concern about impact of UCC statute definition on property tax  
system in general

096 -describes potential for other exemptions which may ultimately result in  
removal of roughly \$586 million from state property tax rolls resulting in  
a \$9 million redistribution to other taxpayers

116 Bob Ellis -Multnomah County Assessor  
-explains "Administrative" section of testimony from Exhibit I

183 Mark Nokes -Linn County Assessor and Tax Collector  
-explains "Fairness" section of testimony from Exhibit I

228 Dennis Day -summarizes assumptions about SB 687 and states concern about  
changing definition of inventory in current tax law

244 Gil Riddell -Association of Oregon Counties  
-addresses SB 687 and proposed (-1) and (-2) amendments which remove "local  
jurisdictions' tools to provide for the essential services expected by the  
public" by shifting the tax burden to homeowners and non-exempt business  
owners

277 -comments on need to look at overall state economic development strategy  
regarding property tax exemption and suggests future possibility of  
distributing a percentage of income tax to local jurisdictions

290 -requests fiscal impact statement

295 -discussion and questions about tax implications for larger businesses,  
variation in assessment of personal property, corporate versus personal  
property tax, distribution at the local level, and issues of fairness and  
equity  
-additional discussion about statewide exemption granted in previous  
legislative session, streamlining of personal property form, and UCC

definition as applied in other states

TAPE 061 SIDE B

005 Don Schellenberg -Oregon Farm Bureau Federation  
-speaks about prior attempts to narrow definition of tangible personal property, citing complications created by ORS 307.400 describing certain types of farm machinery as real property

026 -gives examples of how administrative rules define real property of farmers, dairymen, grass seed producers, dryers, fruit producers, etc.

038 -proposes amendments forthcoming from Farm Bureau which will clarify misinterpretations

066 Mike Scott -expresses willingness to meet with Mr. Day of Assessors and agrees with proposed amendments to SB 687

082 -questions and discussion about measure's impact on mobile homes and definition of goods in tax and business perspective

091 Chair Phillips -instructs staff to coordinate concerns of testifying entities, provide fiscal impact, and research UCC definition in other states

100 Scott -volunteers to research issue of UCC definition

SB 249 PUBLIC HEARING

105 Chair Phillips -reads into record, testimony from Bob Cantine, Association of Oregon Counties: "Sorry I missed your earlier hearing of SB 249. I would like to have indicated for the record that I oppose extension of 310-180 sub3, which would extend the requirement for tax coordination meetings. There is no 'buy-in' to the process by counties - we have no problem with the extension of other provisions and in fact, would suggest that they be made permanent so that we don't have to keep processing this bill. Thank you."

Chair Phillips -adjourns meeting 2:25 pm

Janice DeVito  
Committee Assistant

Kimberly Taylor James  
Office Manager

Exhibits Summary:

A. SB 405, Brawner, testimony of Oregon Bankers Association and Independent Community Banks of Oregon, 3/16/95

B. SB 249, Meyer, Revenue Impact of Proposed Legislation, 3/13/95

C. SB 687, Scott, testimony of Power Rents & Oregon Equipment Rental Assn., 3/16/95

D. SB 687, McCauley, testimony of Associated Oregon Loggers, Inc., 3/16/95

E. SB 687, Gaston, testimony of Huffman & Wright Logging, 3/16/95

F. SB 687, Betts, testimony of More Logs, Inc., 3/16/95

G. SB 687, Gahlsdorf, testimony of Gahlsdorf Logging, Salem, 3/16/95

H. SB 687, Luoto, testimony of Associated Oregon Loggers & Luoto Logging, 3/16/95

I. SB 687, Day, testimony of Oregon State Association of County Assessors

J. SB 687, Meyer, references from ORS & UCC

K. SB 687, Meyer, Proposed (-1) Amendments to SB 687 (BPS/dj/ng) 3/16/95

L. SB 687, Meyer, Proposed (-2) Amendments to SB 687 (BPS/dj/ng) 3/16/95

M. SB 405, Scherzinger, Staff Measure Summary: Senate Committee on Government

Finance & Tax Policy, 3/16/95

N. SB 405, Scherzinger, Staff Measure Summary: Senate Committee on Business &

Consumer Affairs, 2/16/95

O. SB 405, Scherzinger, Fiscal Analysis, 2/15/95

P. SB 405, Scherzinger, Revenue Impact, 2/21/95