

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.

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.

PUBLIC HEARING SB 660  
WORK SESSION: SB 210  
TAPES 064-065 A/B

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

---

MARCH 22, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

---

Members Present: Sen. Shirley Gold, Acting Chair  
Sen. Tom Hartung  
Sen. Cliff Trow  
Sen. Greg Walden

Excused: Sen. Eugene Timms  
Chair Paul Phillips

Witnesses: Dick Springer, Oregon State Senator, District 6  
Dan McCulloch, Seventh Day Adventist Church Schools and Oregon  
Association of Independent Schools  
Webb Harrington, Shriners Hospitals  
David O. Johnson, Scottish Rite Clinics  
Marcia Pry, Portland, OR  
Grover Simmons, Oregon Federated Organizations & Oregon State  
Elks Association  
Lowell E. Hootman, Elks Lodges of Oregon  
George Anderson, Elks Lodges of Oregon  
Phil Lemman, City of Eugene  
Tim Laue, City of Eugene  
Phillip Fell, League of Oregon Cities  
Gary Andeen, Oregon Independent Colleges Association  
Ellen Lowe, Ecumenical Ministries  
Maura Roche, Planned Parenthood  
John Mullin, United Way of the Columbia-Willamette  
Jerry Hanson, Oregon State Association of County Assessors  
Ray Erland, Clackamas County Assessor  
Bob Costagna, Oregon Catholic Conference  
Patti Sadowski, Shriners Hospital  
Walt Johnson, Shriners Hospital  
Jim Craven, Oregon Advocates for the Arts  
Ed Patterson, Oregon Association of Hospitals & Health Systems  
Jennifer Ulum, PeaceHealth  
David Fiskum, Providence Health System  
Gary Carlson, Associated Oregon Industries  
Jerry Hanson, Association of Oregon Counties

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

TAPE 064 - SIDE A

005 Acting Chair Gold -calls the meeting to order at 1:07 pm  
-announces work plan for the day

SB 660 PUBLIC HEARING

023 Dick Springer -Oregon State Senator, District 6  
-introduces Marcia Pry, resident of Portland, OR  
-explains concept of SB 660 and history of similar legislation introduced in

past sessions which "provides that certain tax exempt institutions and organizations pay in lieu taxes or enter into contracts with taxing units furnishing emergency services"

060 -introduces memorandum of information for SB 660 (Exhibit A) which describes fiscal benefit of SB 660 to Multnomah County and City of Portland

087 Dan McCulloch -Seventh Day Adventist Church Schools and Oregon Association of Independent Schools

-state opposition to measure

-describes services provided state-wide for the community benefit and

comments on constitutional issue of tax relief to non-profit entities

126 Webb Harrington -Shriners Hospitals National Treasurer

-describes Portland Unit of Shriners Hospital contribution of free care to crippled and burned children

-Portland unit's 1995 budget is approximately \$13.6 million with an additional \$3.6 million designated for research

-the organization receives no governmental support other than exemption from ad valorem property taxes

161 -explains Shriners role as a "pure charity" which is widely recognized for its efficiency

189 -requests exemption from SB 660

-question about SB 660's fiscal impact specifically on Shriners Hospital

214 David O. Johnson -Scottish Rite Clinics and national organization

-states opposition to measure which would place "tremendous" financial burden on this tax-exempt charitable organization

-four clinics in Oregon treat children with language disorders

236 -questions

240 Marcia Pry -private citizen - Portland, OR

-distributes written testimony (Exhibit B) in support of SB 660

-advocates generation of new revenue, opposes "favored status" of

tax-exempt entities, and mentions issue of separation of church and state

396 Grover Simmons -Oregon Federated Organizations & Oregon State Elks Association

-distributes written testimony in opposition to SB 660 (Exhibit C)

- requests committee take no action on the measure this session

-describes charitable work of Elks Association as outlined in Exhibit C and

advocates basic tax policy be set by legislature rather than by local jurisdictions "when it comes to charitable institutions such as churches and non-profit organizations"

368 -refers to position stated by Senator Phillips on recent legislation regarding local preemption of state authority

-sees measure as a deferred tax increase and questions whether it is favored by majority of Oregonians

386 Lowell E. Hootman -Oregon State Elks Association Public Relations Chairman

-points out that not all non-profit agencies in state own property, and that those who own income-producing property already pay taxes

-explains that the Elks organization contributes to state economy through taxes paid by employees and members

-describes possible negative impact of SB 660 on rural Meadowood Speech Camp

and community service role of rural Elks lodges

TAPE 065 SIDE A

020 George Anderson -Oregon State Elks Association Government Relations Chairman

-explains that state officers of fraternal organizations serve without pay

-describes limited financial resources as a charitable organization and

states that levy of taxes would be especially detrimental to small lodges in state

050 Phil Lemmon -representing City of Eugene, introduces Councilor Tim Laue and Phillip Fell from League of Oregon Cities

054 Tim Laue -City of Eugene

-testifies in favor of SB 660 "because public safety is the number one issue

in the community of Eugene"

-describes Long Range Public Safety Plan which includes components of community policing and fire redeployment

080 -describes precedent which already exists of financial contribution to City of Eugene for emergency services by non-profit agencies: University of Oregon and Sacred Heart Hospital

090 -suggests amendments to specific sections of SB 660, and recommends that tax be applied "only those institutions where there are calls for service related to emergencies"

121 Phillip Fell -League of Oregon Cities  
-testifies in favor of SB 660 and asks careful consideration by the committee

137 Gary Andeen -Oregon Independent Colleges Association Executive Director  
-presents testimony in opposition to SB 660 (Exhibit D) and describes philosophical considerations of "how the community at large treats and encourages the nonprofit sector to contribute" to the public good

162 -describes scope of entities which would be affected by this legislation

199 -concludes that "now, more than ever, the state of Oregon needs to encourage the application of private, non-profit resource and effort to the ongoing needs of its citizens..."

220 Ellen Lowe -Ecumenical Ministries of Oregon Associate Director  
-testifies in opposition to SB 660 and describes role of voluntary association of seventeen religious denominations in over two thousand congregations throughout the state

245 -states position that there are constitutional constraints on the ability of government to require payments in lieu of taxes from religious organizations  
-describes need for institutional separation but functional interaction between church and state and outlines basic social services currently provided by churches

271 -explains that many "not-for-profits" do not own their own buildings but do rent (property owners do receive relief in their property taxes which are then passed on to the not-for-profits)

300 Maura Roche -Planned Parenthood Affiliates of Oregon  
-testifies in opposition to SB 660 and distributes written testimony (Exhibit E)

350 John Mullen -Director of Clackamas County Social Services on behalf of United Way of the Columbia-Willamette Public Policy Committee  
-distributes written testimony in opposition to SB 660 (Exhibit G)

396 Jerry Hanson -Oregon State Association of County Assessor and Director of Assessment and Taxation for Washington County  
-states AOC position in favor of concept of SB 660  
-clarifies "in lieu of tax" process followed in counties

TAPE 064 SIDE B

023 -asks committee for clarification on whether intent of bill is to produce additional revenue or offset costs paid by other taxpayers

028 Ray Erland -Clackamas County Assessor/Tax Collector  
-points out that since Multnomah County and City of Portland are "under compression", no additional revenue would be created for them under SB 660 (reference to Senator Springer's Exhibit A)  
-suggests 3(b) provision in SB 660 that organizations contract for emergency services - "that would be simpler, more effective, and less bureaucratic way to handle it"  
-believes that involvement of taxing districts would simplify administration rather than use of "in lieu of tax"

055 Bob Costagna -Oregon Catholic Conference, public policy office of the Archdiocese of Portland and Diocese of Baker  
-describes role of 53 Oregon Catholic schools with estimated educational contribution to the state of approximately \$70 million/year

080 -comments on public policy rationale/public benefit theory for exempt status of churches and charities  
-requests committee take no action on this measure

090 Patti Sadowski -Shriners Hospital for Crippled Children, Portland Administrator  
-distributes written testimony in opposition to SB 660 (Exhibit H)

135 Walt Johnson -Shriners Hospital for Crippled Children, Vice Chair of Board of Governors  
-distributes written testimony in opposition to SB 660 (Exhibit I)

166 -comments about cost of professional staff salaries, contributions of

volunteer base, reduced donations, and impact of property taxes on services

that Hospital provides to children

183 "if we were not there with our service, the State of Oregon Health Plan would be providing it"

-suggests no committee action on this measure

195 Jim Craven -Oregon Advocates for the Arts

-states opposition to taxation of non-profit groups

217 -cites example of recent court case involving Theater West in Lincoln

City whose tax exempt status was upheld in 1994 by the Oregon Supreme Court

-describes measure's possible impact on large arts association in Oregon

260 Ed Patterson -Oregon Association of Hospitals and Health Systems

-states opposition to SB 660 because "hospitals should not be taxed to help

pay for services which, through their own emergency departments, they are already subsidizing with millions of dollars of free and discounted care every year"

-cites historical precedent for exemption of non-profit hospitals from

property and income taxes, and describes benefit that those hospitals

contribute to communities through uncompensated and undercompensated care

320 Jennifer Ulum -PeaceHealth, community health network in Eugene

-distributes and comments on written testimony in opposition to SB 660

(Exhibit J)

410 -general questions and discussion

TAPE 065 SIDE B

007 Dave Fiskum -Providence Health System

-states opposition to SB 660, and explains assumptions used to calculate

"very, very conservative" estimate of measure impact of \$2.3 million in one

year of additional tax burden

-describes limited scope of hospital use of emergency services

022 -PHS uncompensated care expense in 1994 was approximately \$29.5 million

- a 35% increase over 1992

SB 210 WORK SESSION

050 Steve Meyer -presents staff summary of work to date on SB 210 which is

introduced by the Department of Revenue to resolve administrative questions

and make technical corrections

-describes Proposed (-2) Amendments (Exhibit M)

070 Gary Carlson -Associated Oregon Industries

-withdraws earlier concern/objection about requirement for certified mail

to taxpayers for action affecting their property tax

115 -questions and discussion

120 Meyer -describes Proposed (-1) Amendments (Exhibit L) which eliminates

new language in Section 2 of SB 210 regarding pages 2-3

141 -fiscal impact statement not yet available

144 -questions and discussion about pending case in the Supreme Court

175 Acting Chair Gold -MOVES PROPOSED (-1) AMENDMENT TO SB 210

-discussion and staff clarification

220 Gil Riddell -Association of Oregon Counties

-states no objection to amendment

234 Acting Chair Gold -HEARING NO OBJECTION, THE CHAIR SO ORDERS

240 Acting Chair Gold -MOVES SB 210 AS AMENDED TO THE SENATE FLOOR WITH A DO

PASS RECOMMENDATION

-ROLL CALL VOTE: MOTION PASSES 4-0

-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN & GOLD

EXCUSED: PHILLIPS &

TIMMS

Sen. Gold -will carry the bill on the Senate floor

-adjourns meeting at 2:50 pm

Janice DeVito  
Committee Assistant

Kimberly Taylor James  
Office Manager

Exhibits Summary:

A. SB 660, Springer, memorandum from Jennifer Webber, 3/22/95

B. SB 660, Pry, testimony, 3/22/95

C. SB 660, Simmons, testimony from Oregon State Elks Association  
D. SB 660, Andeen, Testimony from Oregon Independent Colleges Association,  
3/22/95  
E. SB 660, Roche, testimony from YWCA of Portland, 3/21/95  
F. SB 660, Roche, testimony from Planned Parenthood Affiliates of Oregon,  
3/22/95  
G. SB 660, Mullin, testimony from United Way of Columbia Willamette, 3/22/95  
H. SB 660, Sadowski, testimony from Shriners Hospital, 3/22/95  
I. SB 660, Johnson, testimony from Shriners Hospital  
J. SB 660, Ulum, testimony from PeaceHealth, 3/22/95  
K. SB 660, Meyer, Revenue Impact of Proposed Legislation, 3/20/95  
L. SB 210, Meyer, Proposed (-1) Amendments to SB 210 (BPS/bg) 3/22/95  
M. SB 210, Meyer, Proposed (-2) Amendments to SB 210 (BPS/bg) 3/22/95