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PUBLIC HEARINGS: HB 2275A & SB 250  
WORK SESSIONS: SB S 250 & 1067  
RECONSIDERATION NOTICE: SB 687  
TAPES 082-083 A/B

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

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APRIL 11, 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  
Sen. Eugene Timms

Witnesses:

Senator Bob Kintigh, Senate District 22  
Representative Jim Welsh, House District 43  
John Sackman, Blachly School District  
Mizu Kinney, Mapleton School District  
Carrie West, Mapleton School District  
Lee Edwards, Mapleton School District  
Jim Ulum, Elkton School District  
Jeff Smith, Elkton School District  
Julia Swearingen, Elkton School District  
John Danielson, Oregon Education Association  
Gary Bartholomew, Oregon Association of Tax Collectors  
Sandra Duffy, Multnomah County  
Diane Belt, Oregon Association of County Tax Collectors  
B.J. Smith, League of Oregon Cities  
Paul Romain, Capital Asset Research Corporation  
Stephen Donnell, Blue Mountain Translator District  
Mark Noakes, Linn County Assessor/Tax Collector  
Debbie Huggins, Washington County Tax Collector

Staff:

James Scherzinger, Legislative Revenue Officer  
Terry Drake, Legislative Revenue Office  
Steve Meyer, Legislative Revenue Office  
Janice DeVito, Committee Assistant

005 Chair Phillips -calls the meeting to order at 1:15 pm as a subcommittee

HB 2275A PUBLIC HEARING

012 Sen. Bob Kintigh -Oregon State Senator, District 22  
 -explains that lack of integration of language from HB 2273 into HB 2275 was an oversight by the State School and Finance Committee and that "the adjustment would be supported when the bill goes back to the House"  
 -urges committee to adopt SB 256 language or amend its language into HB 2275 to provide a more accurate assessment of poverty in the school districts which is critical to helping districts handle further budget cuts  
 -points out that census data from 1990 is increasingly inaccurate when approaching the year 2000 - this could be corrected by language in bills  
 -distributes written testimony in support of HB 2275A (Exhibit A)  
 -introduces John Sackman, Lee Edwards, and Jim Ulum

040 Rep. Jim Welsh -Oregon State Representative, House District 43  
 -points out that HB 2275 in its current form does not involve an adjusted funding formula for schools like Mapleton, Triangle Lake and Elkton (which are timber communities with decreasing attendance and increasing poverty levels)  
 -explains rejected attempt to use census data to gain federal funds  
 -suggests a weighted factor or other options to help schools such as Mapleton who are losing approximately 20% of funding under the current language of HB 2275  
 (quorum established)

090 John Sackman -Blachly School District #90, Superintendent/Principal  
 -speaks in support of HB 2275A and explains district's critical financial situation resulting from increasing needs of students while resources are declining  
 -Chapter One funding has been lost and student population has decreased

130 Mizu Kinney -Mapleton School District, Student  
 -gives background information about Mapleton School District and effects in recent years of reduced funding  
 -explains recent student action on issue to deliver 24,000 letters to each Senator and Representative, meet with Sen. Kintigh and Rep. Welsh, and testify before House Committee on School Funding

140 Carrie West -Mapleton School District, Student Body President  
 -presents student perspective on how school has been affected by budget cuts: staff cuts, increase in class size, elimination of librarian position, guidance counselor is now a classroom teacher, reduction in elective courses, and use of satellite learning  
 -asks for correction of inequity in state school funding formula based on the 1990 census count

177 Lee Edwards -Mapleton School District, Superintendent  
 -distributes written testimony in support of HB 2275A (Exhibit C)  
 -requests inclusion of HB 2273 and SB 256 in appropriation HB 2275

195 Jim Ulum -Elkton School District Superintendent  
 -speaks about one provision of HB 2275A which specifically takes the hold harmless provision away from Elkton and three other school districts (Helix, Fall City and St. Paul)

235 -presents statistics about success of educational program at Elkton  
 -asks removal of sentence in measure, which is expected to result in \$80,000 more funding next year to Elkton  
 -sees current situation as "punitive and pointed, in my estimation, and inappropriate for a legislative body"

270 Jeff Smith -Elkton School District, Parent and Board Member  
 -agrees with testimony of Mr. Ulum and points out that \$80,000 is significant money for their school district (computes to two staff members which is almost 10% of Elkton's total staff)

280 Julia Swearingen -Elkton School District Business Manager  
 -states importance to district of \$80,000 and that it seems unfair to hold four districts in the whole state at a different hold harmless rate than everyone else  
 -explains recent cuts in staff

310 John Danielson -Oregon Education Association, Portland  
 -speaks conceptually about resolution of the basic school distribution problem  
 -congratulates Legislative Revenue for work on the distribution formula

since the inception of ballot Measure 5 in 1990 to make it "rational and defensible" in terms of how dollars are distributed to elementary and secondary schools in Oregon

-gives overview of equity philosophy and examples of effect on specific school districts  
430 -requests equity process be slowed down "just a little bit" and suggests

that schools be given a moderate increase in the biennium to cover the effects of increased student enrollment

"we don't see any compelling reason why we have to do much more than make reasonable progress"

TAPE 083 SIDE A

020 Chair Phillips -states plan for committee review of school funding legislation

030 Sen Walden -concur with viewpoint of Mr. Danielson about financial impact from flat funding or reduction of basic teaching standards

-thinks Governor's budget does not provide adequate funding to deal with some of these issues

045 Danielson -states for the record as favoring a small school correction in

the amendments

050 Chair Phillips -directs staff to prepare options regarding all issues pertinent to this legislation

065 Terry Drake -explains situation with Perrydale School District who increased enrollment and "grew their way out of the problem area"

SB 687 RECONSIDERATION NOTICE

090 Chair Phillips -because of calculation error in fiscal impact of SB 687 (inventory tax bill), MOVES RECALL OF THE BILL FROM THE SENATE FLOOR

-HEARING NO OBJECTION, THE CHAIR SO ORDERS

-announces that work sessions for SB 718 and SB 487 (income tax credits) will

be removed from tomorrow's agenda

SB 250 PUBLIC HEARING

117 Steve Meyer -presents staff summary of SB 250 which shortens foreclosure and redemption period in process of real property tax foreclosure

160 Gary Bartholomew -Oregon Association of County Tax Collectors, Legislative Chair

-distributes and comments on written testimony in support of SB 250 (Exhibit

F)

220 Sandra Duffy -Multnomah County, Senior Assistant County Counsel assigned to assessment and taxation

-explains practical problems encountered in collecting taxes on property which is leased to taxable entities

245 -addresses amendment to Section 4 of SB 250 which adds a subsection 6(b) to ORS 307.110 to clarify the present 307.110

265 -explains magnitude and ramifications of unpaid property taxes from leased properties at the Port of Portland

363 -points out benefit of language in SB 250 and asks that Port and all other public entities be held to the same standard as private business lessors

400 Bartholomew -speaks about SB 250's Sections 5-16 concerning Homestead Property Tax Deferral Program

TAPE 082 SIDE B

015 Diane Belt -Oregon Association of County Tax Collectors

-states support for and explains Homestead Referral Program for senior

citizens

045 Chair Phillips -states intent to review whole senior deferral issue in the interim to "see how it fits into a variety of other tax policies that we're talking about for seniors, retirees and pensioners..."

074 B.J. Smith -League of Oregon Cities

-explains opposition to subject of foreclosure on public property (Section 4 on page 6 of SB 250)

-describes examples of non-profit organizations using rented or leased public property which have been impacted by large bills for back taxes

-cautions committee about unintended consequences for communities as a result of legislation

150 Paul Romain -Capital Asset Research Corporation of West Palm Beach,

Florida, Attorney

-distributes written proposal regarding Tax Lien Sales and Financings  
(Exhibit H)  
-explains benefit to government of selling tax liens to private entities  
for collection through a procedure similar to that used by government  
187 -reference to Exhibit H - tab C  
210 -reference to Exhibit H - page two of Bill Analysis  
224 -asks for amendment to SB 250, and states that proposal should be  
"reasonably non-controversial" with minimal opposition  
-explains that proposal is an enabling tool for counties without providing  
a mandate  
235 -questions and discussion about disposition of interest owed on liens,  
rights of appeal and contractual agreement options  
SB 250 WORK SESSION  
320 Chair Phillips -reviews content of SB 250 and issues before the committee  
for consideration  
-questions and discussion about relating clause which refers to property  
tax collection, and Sections 1-3 policy/fiscal issues  
410 Chair Phillips -MOVES DELETION OF SECTION 4 OF SB 250  
-HEARING NO OBJECTION THE CHAIR SO ORDERS  
TAPE 083 SIDE B  
004 Chair Phillips -MOVES ADOPTION OF THE PROPOSED (-1) AMENDMENTS INTO SB 250

(WITH REMAINING SECTIONS 1-3)

-HEARING NO OBJECTION, THE CHAIR SO ORDERS  
019 Chair Phillips -requests staff to review measure which will be scheduled  
for work session on the committee agenda of Thursday, April 13 - committee  
concur  
SB 1067 WORK SESSION  
037 Stephen Donnell -Blue Mountain Translator District, Legislative Advocate  
-distributes Proposed (-2) Amendment (Exhibit I) and Proposed (-3)  
Amendment (Exhibit J) with comments attached  
050 -explains difference between amendments and requests adoption of the  
Proposed (-3) Amendment with hand written comments attached  
075 -questions and discussion about interest rate in handwritten amendment  
and intent of original legislation  
100 Chair Phillips -requests staff to continue coordinating work with  
involved parties on this amendment (measure to be rescheduled Tuesday,  
April 18)  
126 Mark Noakes -Linn County Assessor/Tax Collector  
-reports that Assessors Association is not interested in assuming duties of  
fee collection but does see need for flexibility at county level  
-states that Union and Baker County Assessors "considers it a nuisance, but  
don't formally object"  
150 Debbie Huggins -Washington County Tax Collector Supervisor  
-explains that under current law, separate interest rate charge cannot  
accrue for properties  
-asks for clarification of collection process and on-going interest accrual  
180 Chair Phillips -requests that involved parties work together on solution  
to process  
-announces that SB 101 and HB 2275 will be addressed after Senate  
Appropriations Committee action  
-adjourns committee at 2:55 pm

Janice DeVito  
Committee Assistant

Kimberly Taylor James  
Office Manager

Exhibits Summary:

A. HB 2275, Kintigh, Presentation to the State Government Finance and Tax  
Policy Committee, 4/11/95

- B. HB 2275, Burton, letter to Senator Kintigh, 4/11/95
- C. HB 2275, West, testimony from Mapleton School District, 4/11/95
- D. HB 2275, Kintigh, testimony from North Douglas School District No. 22, 4/11/95
- E. HB 2275, Kintigh, testimony from Elkton Public Schools, 4/11/95
- F. SB 250, Bartholemew, testimony from Oregon Association of County Tax Collectors, 4/11/95
- G. SB 250, Meyer, Proposed (-1) Amendment of SB 250 (JB/hl) 4/11/95
- H. SB 250, Romain, Amended Senate Bill 250 - Tax Lien Sales, Bill Analysis
- I. SB 1067, Meyer, Proposed (-2) Amendments to SB 1067 (JB/ng) 4/11/95
- J. SB 1067 Meyer, Proposed (-3) Amendments to SB 1067 (JB/dc) 4/11/95
- K. SB 101, Drake, Revenue Impact of Proposed Legislation, 3/20/95
- L. SB 101, Travis, letter from Juvenile Rights Project, Inc., 4/5/95