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PUBLIC HEARINGS: SB S 1062 AND 782
WORK SESSIONS: SB 1062, SB 782, HB 2275A,
AND SB 101
TAPES 097-098, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

APRIL 25, 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
Sen. Eugene Timms (excused 2:25 - 2:46 pm)

Witnesses: Larry Tapanen, Consilium, Inc.
Gary Carlson, Associated Oregon Industries
Jim Manary, Oregon Department of Revenue
Gil Riddell, Association of Oregon Counties
Randall Edwards, Oregon State Treasury
Mary Maxwell, Port of Portland
William Barendrick, Jr., La Salle Advisors Ltd.
Marge Kafoury, City of Portland

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

TAPE 097 - SIDE A

005 Chair Phillips -calls the meeting to order at 1:10 pm
SB 1062 PUBLIC HEARING
008 Steve Meyer -presents staff summary of SB 1062 which permits consideration

of functional and economic obsolescence in valuing industrial plants for ad

valorem tax purposes

025 Larry Tapanen -Consilium, Inc., Chief Executive Officer and industrial
appraiser
-distributes and reads written testimony in support of SB 1062 (Exhibit A)
082 -recommends that legislature re-write ORS308.411 as administrative
action to correct inequity
095 Gary Carlson -Associated Oregon Industries
-provides history of this measure from the 1981 legislative session and
subsequent adjudicated cases (cites 1986 court case involving a wood
products firm)
123 -explains that reversal of legal opinion brings this measure to the
legislature
-describes current statute as "punitive in its actual working" and states
that SB 1062 would provide an appropriate correction
146 Jim Manary -Department of Revenue
-describes measure as a policy issue for consideration by the committee

-states no Department of Revenue position either for or against measure and

provides additional clarification

167 -suggests that language be added to measure in order to avoid litigation
195 -in response to question by Chair Phillips, states that with the
suggested amendment, the bill would be clarify policy for the Department of

Revenue

196 Tappenen -agrees with Department of Revenue's suggestion for amendment
-discussion about possible opposition - none is known at this time
199 Chair Phillips -asks Department of Revenue to work with staff to provide
amendment language to page two, line three: ...of the income approach "or
introduce any information protected under the election" (also insert the
same phrase at line 19 after "income approach")
225 Sen. Trow -poses questions about possible unintended consequences and
effect on value, fiscal impact on local government, and whether there is
any known opposition to measure
249 Carlson -states policy understanding of AOI
264 Gil Riddell -Association of Oregon Counties
-"it's very difficult to comment on this bill, not being an appraiser"
-has same reservations as expressed by Sen. Trow in earlier discussion, and

would prefer that the committee make policy decision based on better idea
of expected impacts

SB 1062 WORK SESSION

290 Chair Phillips -MOVES CONCEPTUAL AMENDMENT FOR LINES 3 AND 19 OF PAGE TWO

ON SB 1062, INSERTION OF LANGUAGE "OR INTRODUCE ANY INFORMATION PROTECTED
UNDER THE ELECTION"

-HEARING NO OBJECTION, THE CHAIR SO ORDERS

297 Steve Meyer -provides additional clarification of measure for benefit of
Sen. Timms

329 Chair Phillips -MOVES AMENDED SB 1062 TO THE SENATE FLOOR WITH A DO PASS
RECOMMENDATION

-summarizes purpose of measure and amendments

350 -in response to question by Sen. Trow, requests that staff provide
committee members with opinions of judges and circumstances of the case
before the measure is heard on the Senate floor

374 Sen Trow -asks about determination of obsolescence levels

390 -ROLL CALL VOTE MOTION PASSES 5-1

-SENATOR VOTING AYE: HARTUNG, TIMMS, WALDEN, GOLD & PHILLIPS

VOTING NAY:

TROW

(Senator Gold voices reservation about her vote)

Sen Walden -will carry measure on the Senate floor

TAPE 098 SIDE B

HB 2275 WORK SESSION

008 Terry Drake -distributes Licensed Salary Schedule 1994-95, Districts 3000

& Over (Exhibit B)

033 -discussion of relationship between class size and teacher salary

060 Drake -explains implications of policy options which are before the
committee (uses illustrations on marker board):

1. SB 101 \$14.2 million (6.2 +8.0) \$15/ADMw
2. 1% /St \$8 million/16 million \$20/ADMw
3. -5% Min \$900,000
4. Poverty 1,500 New Kids - Shift
5. \$80,000 Elkton, St. Paul, Helix & Falls City (\$320,000/yr)
6. 10% Maximum Cap

204 Drake -explains background on policy decision made by legislature in 1993

to provide a two year special grant of \$80,000 per year to small K-12
districts (Elkton, St. Paul, Helix, & Falls City)

232 Chair Phillips -comments on impact of the options presented by staff and
asks about their impact on progress toward full equity

260 Drake -explains that the impact of implementing all policy options would
be a "proportional slow-down" of the equity process by 1/2 (6 years to
phase-in instead of 3 years)

383 -questions and discussion continue about move toward equalization

TAPE 097 SIDE B

050 Drake -points out that the next legislature will direct future speed of
equalization

066 -questions and discussion including question about effect of poverty
factor as an equitable means of calculation, policy decision on short term
help for small K-12 districts, and definition of "small schools"

205 Chair Phillips -provides direction to staff for additional preparation of

information on alternatives so that committee decisions can be made as soon

as possible

222 Drake -distributes report on Current State and School Revenue Picture
(Exhibit C)
259 -discussion of effect of 5% Minimum
SB 782 PUBLIC HEARING
300 Steve Meyer explains measure which exempts only aircraft of air
transportation company undergoing major work from taxation
328 Randall Edwards -State Treasurer's Office
-distributes and comments on written testimony in support of this measure
(Exhibit E)
361 Mary Maxwell -Port of Portland, General Manager of Aviation Properties
-reads a statement from John P. Brockley, Director of Aviation for Port of
Portland in support of SB 782 (Exhibit G)
TAPE 098 SIDE B
004 -questions and discussion about prior and prospects for use of the
Portland aircraft maintenance facility
013 Bill Barendrick, Jr. -La Salle Advisors Ltd. - real estate advisors to
Oregon Public Employees Retirement Fund
-distributes report concerning Aircraft Maintenance Center AMC at PDX
(Exhibit F)
030 -discussion about competition, incentives being granted by states,
estimate of jobs creation, and negotiations affecting county real property
taxes, and effect of slight "shift" to taxpayers
078 Steve Meyer -distributes Revenue Impact statement (Exhibit H)
088 Marge Kafoury -City of Portland
-refers to letter from Portland Development Commission in support of SB 782
(Exhibit D)
-explains City of Portland analysis process for these kinds of issues
-states that business license revenue will "more than offset the tax losses
this bill might represent"
104 -questions and discussion about justification for this bill and its
effect on Horizon Air
120 Sen Trow -states opinion that this measure would have a small impact on
school districts "and that bothers me"
-notes that no opposition has come forward from governmental entities
SB 782 WORK SESSION
128 Sen Walden -MOVES SB 782 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION
130 Chair Phillips -ROLL CALL VOTE MOTION PASSES 5-0
-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN, GOLD & PHILLIPS EXCUSED: TIMMS
Sen. Walden -will carry the measure on the Senate floor
160 Chair Phillips -adjourns meeting at 2:46 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. SB 1062, Tapanen, testimony from Consilium, Inc.
- B. HB 2275A, Drake, Licensed Salary Schedule 1994-95
- C. HB 2275A, Drake, The Current State and School Revenue Picture, 6/15/94
- D. SB 782, Burreson, testimony from Portland Development Commission, 4/21/95
- E. SB 782, Edwards, testimony from State Treasurer's Office, 4/24/95
- F. SB 782, Barendrick, testimony from La Salle Advisors Ltd.
- G. SB 782, Brockley, testimony from Port of Portland 4/25/95
- H. SB 782, Meyer, Draft Revenue Impact of Proposed Legislation, 4/24/95