

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 Hearing Proposals to limit or reduce property value

Hearing: HJR 16, 26, 22

Tapes 64-65 A & B, 66A

House Committee on
State and School Finance
February 15, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

FEBRUARY 15, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer
Rep. Tim Josi
Rep. Tony Federici, Vice Chair
Rep. Jane Lokan
Rep. Anitra Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Governor John Kitzhaber

Staff: James Scherzinger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Rhonda Wehler, Committee Assistant

TAPE 64 SIDE A
006 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
OPENS PUBLIC HEARING ON HJR 16, HJR 22, HJR 26
039 Steve Meyer -explains HJR 5 deals with homestead exemptions, constitutional amendment, \$60,000 homestead exemption, increases school rate limit to \$20/thousand for non-residential property effective 1997-98, sponsored by Rep. Campbell, income tax increase
063 All -questions and discussion
067 Steve Meyer -up to legislature to determine definition for residential property
079 Rep Vanleeuwen -District 37, HJR 16 supports, caps property tax assessment at no more than 2% over tax value than the previous year, when property transferred to another ownership, tax cap would apply to the sale

price, new value of property would become the sale price and that would be capped on the assessment at 2% in the following years, reasons: for senior citizens retired on limited incomes, timber dependent district with many unemployed and under-employed, whether business is making a profit or not, assessment goes up significantly, appealing it is a process, 6% increase causes fee to double in 12 years, school districts who give 6% increase to employees, opposed to homestead exemption because houses are the piece of property that develop children for schools, funding, businesses provide the

base for all incomes, HJR 16 is for equity and fairness for those people who do not want to sell, but want to maintain their homes
200 Rep Beyer -asks what "real market" means
203 Jim Scherzinger -defined in constitution as appraiser use as what the property would sell for to willing buyer, during the tax year, would have to set the value at the lowest point during the year, assessed value is what property is actually valued at for tax purposes (like farm deferrals)
228 Rep Beyer -questions and discussion
238 Van Leeuwen -equity for person who doesn't want to sell,, local schools and governments will never reach desirable funding for every school, the real art is making the best use of the dollars allowed
-senior population is growing
289 Rep. Adams -expresses concern that 90-95% is local government is where they feel the lack of service, has anyone asked local govt. if they can maintain services with 2%

303 Van Leeuwen -in local schools top heavy with administrators who do not teach
331 Rep. Adams -West Linn gave increase, they had budgetd 6% to go into PERS, gave them to employees, didn't use new \$
350 Rep Strobeck -asks about impact to those who want to move up in housing, mobility upward
361 Van Leeuwen -those who buy the home must be able to afford the tax
378 Rep Strobeck -
399Rep Josi -go from subsidized ton non-subsidized
TAPE 65 SIDE A
010 Rep Rasmussen -
021 Van Leeuwen -all who own property are paying, some to a different degree if bought at a higher rate
034 Rep Rasmussen -
035 Van Leeuwen -has sponsored bill giving tax credit for taking care of relative who moves in with family
045 Rep Beyer -if caps don't pass income tax will increase
063 Rep Lokan -her district has 30% seniors, expresses saving \$ by keeping them in their homes, rather than moving them into the system
081 Rep Josi-if there is a valid argument for reducing property values, there is a valid argument for reducing taxes to begin with (reduce levy or Measure 5 tax rates) significant additional cuts in revenue
136 Van Leeuwen -doesn't cut existing revenue
155 Steve Meyer -explains Revenue Impact for HJR 16, Exhibit A
171 Jim Scherzinger -further explains revenue impact
185 Rep Josi-protests
200 vl -
204 -how long continue to have inequity for those whose income is not increasing
241 Rep Josi-
265 Rep Beyer -questions
272 Steve Meyer -explains school and nonschool shift , Exhibit A, (no limit on school bond rates) remaining property still taxed faced with higher bond rate, for local govt.s who are at the cap, rates to taxpayer cannot increase, will shift to remaining real property, syill ahve taxable rate with cap,
336 vl -certificates of participation are paid for out of
376 Jim Scherzinger -explains Exhibit B, Methods of Reducing Value
TAPE 64 SIDE B
006 Scherzinger -CA limit, benefits administrative costs are lower, it is predictable for taxpayers drawback loss of uniformity and equity among homewoners, established businesses get more benefit, while new businesses have to pay more, some properties would actually pay more
028 -frozen base limits, Exhibit B, major work of appraising every 6 years would not have to be done
064 All -questions and discussion
131 Scherzinger -explains average growth rate of property, page 2, Exhibit B,
benefits and drawbacks
171 Scherzinger -history of values, page 7, Exhibit B
213 All -questions and discussion
261 Chair Schoon -assessment limitation came from Governor's Office
272 Jim Scherzinger -today don't have method to determine residential dwellings
279 -explains homestead exemption, page 2, Exhibit B
-effect of limitations, page 3, Exhibit B
374 -page 6, Exhibit B
TAPE 65 SIDE B
036 -not included uncertified urban renewal authority since they are already under compression
110 All -questions and discussion
181 Rep Lokan -most fair tax is on income
185 Chair Schoon -property taxes are based on wealth, not income
191 Rep Beyer -property is assessed every year, (usuallly 75-80% of what it would sell for) but appraised every 6 years, closer to market value now
205 Scherzinger -Measure 5 moved assessment date to 6 months earlier than before
213 Rep Beyer -questions and discussion
223 Rep. Adams -who requires service, businesses or homes, where are \$ spent
245 Scherzinger -
251 Rep Lokan -asks about consideration of tax that would drop off after people became senior citizens
287 Rep Welsh -deferral
310 Jim Scherzinger -explains senior deferral program and the impact of Measure 5. The Senior deferral Program will change after Measure 5 and the interest rates are also rising again.
380 Rep Rasmussen -comments on discussion with an elderly women.
392 Rep Strobeck -does not support special programs for certain people because everyone has there share of problems
TAPE 66 SIDE A
Rep Lokan -explains bill in house regarding reducing the interest charged in senior deferral program
40 Chair Schoon -discusses agenda for the next couple of days and adjourns meeting at 10:24 am