

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: Proposals to Limit or Reduce Property Value
Hearing and Work Session: HJR : 16,26, 22, 5

Tapes 69-70 A & B, 7

House Committee on
State and School Finance
February 17, 1995 Page

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.

HOUSE STATE AND SCHOOL FINANCE COMMITTEE

FEBRUARY 17, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer (9:13 am, excused late arrival)
Rep. Tim Josi
Rep. Tony Federici, Vice Chair
Rep. Jane Lokan (8:35 am late arrival)
Rep. Anitra Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Members Excused:

Witnesses Present: Sen. Bill Dwyer, District
Rep. Tony Corcoran, District 44
Gary Carlson, Associated Oregon Industries
Kathy Newcomb, Concerned Citizen from Tualatin
Gil Redell, Association of Oregon Counties
Helen Berg, Mayor of Corvallis
Gerry Hanson, Washington County
Janice Druian, Multnomah County
Jim Gangle, Lane County
League of Oregon Cities
Association of Counties
Don Schellenberg, Oregon Farm Bureau

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

TAPE 69 SIDE A

007 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
011 Kitzhaber -addresses reason he arrived at school finance figures, budget based on giving each district what they were currently getting, and make progress towards equalization, changes include property value increases which has improved equity, \$22 million more in this school year because of that, could spend this \$ in following year, others are flat-funded (PDX) which is a problem to be addressed,
036 Rep Beyer -trust fund
041 Kitzhaber -long term mechanisms helpful, concern is long-term issues of

capitalization, minimum of \$100M available in 1997 biennium, trust fund is good idea but imprudent to take \$ out

067 Rep. Adams -if equity in 3 years, increase cig. taxes, video poker take without tax increases

079 Kitzhaber -could restructure kickers, initiatives must begin in this committee, lottery fund, don't build future on foundation of sand, stabilize what we have now, once structure in place, don't want to fund programs that later have to cut back on

092 -don't go to real games or increase # of machines, tried to back lottery \$ out of General Fund Programs

105 Rep Beyer -asks what business community is saying

113 Kitzhaber -hasn't heard endorsement from businesses to keep kicker \$, , fairness to keep personal kicker as well as corporate kicker

134 Chair Schoon -additional funds, other programs that take priority
 134 Kitzhaber -liabilities federal retirees lawsuit, ?????143 prison,
 \$billion in prison construction
 154 Rep Rasmussen -expresses concern of flat funding for 6-7 years of no
 additional revenue, that students to take a \$170/student cut at the end of
 that time, consequences if current budget is implemented
 183 Kitzhaber -system is inequitable
 194 Rep Beyer -appreciates looking beyond this biennium, all of energy
 directed towards achieving equalization, once base is hit, to raise 1%
 means \$50 million per biennium
 207 Chair Schoon -school administrators agreed to budget when it was put
 together, their role
 213 Kitzhaber -Ozzie Rose felt responsible budget given resources available
 222 Rep Lokan -asks about community college cuts
 239 Kitzhaber -answers educational ssystem, hold tuition to lowest possible
 increase and continue to fund programs
 263 OPENS PUBLIC HEARING ON HJR
 266 Sen Dwyer -presents Gross Receipts Tax, Exhibit A, concerns for people
 making less than \$100,000
 -introducing bill to enact gross receipt tax, raises \$2 billion, eliminates

all school taxes from owner-occupied property, provide homestead exemption
 for senior citizens, state takes about 3,000 pieces of property each year,
 Delaware is doing this
 399 -renters being squeezed, adjustable rate mortgages squeezing many people

when interest rates rise

TAPE 70 SIDE A

004 -stresses importance of home ownership in order to leverage equity
 013 Rep Josi-espresses concern for knowledge that a company can lose \$ and
 still pay a gross receipts tax, doesn't treat all businesses equally, real
 estate business has little overhead, inequity in tax mechanism for
 businesses
 033 Dwyer -tried to pattern after B & O tax in Washington, tax designed to
 get \$ back from people who ran away with it in Measure 5
 047 Vice Chair Federici -assessors difficulty with owner-occupied residences,

simplify if designated all residences, homestead residences for those over
 65 with less than income of \$15 (page 2, Exhibit A)
 069 Dwyer -renters mechanism cap of 6% is same schools allowed to increase
 their budget

095 Rep Corcoran -presents history of HB 3032, LC Draft 2171, Exhibit B,
 assessment cap is poor business (133) look at home in Oak Ridge vs Bend,
 set-in-time assessment, would drift apart dramatically due to development
 in Bend, proposing \$25,000 homestead exemption to keep sound public policy
 and keep schools alive, \$25K equates to 23-25% exempt value of total
 homestead, strong cut for people at low end of scale, purpose to balance
 folks in non-residential property who have received great tax relief since
 Measure 5, preliminary figures, 2 possible funding methods is increase in
 corporate income tax roll, increase top personal income tax rolls to
 10-10.5%, initiative presenters have no way to recoup lost revenue
 223 Rep Welsh -asks about corporate tax increases, how that would keep
 businesses from coming in to state
 243 Chair Schoon -OPENS PUBLIC HEARING ON HJR 5
 260 Rep Corcoran -in terms of creation of jobs in OR, 33% have been minimum
 wage jobs, good growth for businesses in OR, tax shift is not in
 discussion in chambers and must be
 296 Chair Schoon -industrial and residential run in cycles and tend to
 balance each other out
 303 Rep Corcoran -commercial property does not increase in relation to
 residential
 341 Kathy Newcomb -oppose HJR 16 and 26 due to inequity for first-time home
 buyers who would carry a greater share of the tax burden, senior citizens
 have option of tax deferral

TAPE 69 SIDE B

007 -suggests establishing percentages for school cost sharing for
 residential property taxes, business property taxes and State General Fund
 or lottery or other revenue, modifying Senior Citizen's Property Tax
 Deferral
 056 Rep Beyer -asks why senior deferral is not appealing to seniors
 058 Newcomb -seniors want to maintain what they have for their heirs
 070 Rep Strobeck -asks her experience in valuation
 074 Newcomb -appraisal and tax rates greatly increased, are now decreasing to

almost normal

117 Gil Redell -Association of Oregon Counties, Refers to Comments to House
 State and School Finance Committee Concerning the Concept of a Limitation
 on Increases in Assessed Valuation of Real Property, Exhibit D, demand for
 services are growing, limiting assessed value increase, artificial and
 subjective, further skew over time, most benefits go to those with higher
 value properties, are not in favor, suggest defining the problem and
 identifying the specific target for relief?---seniors on fixed incomes
 261 Helen Berg -Exhibit E, represents Finance and Taxation Committee of the
 League of Oregon Cities, opposes caps
 -delineates reasons for opposition

379 Bob McPeters -refers to Exhibit F, Written Testimony

TAPE 70 SIDE B

008 -expresses opposition to caps due to accompanying tax shifts and revenue
 losses
 033 Brenda Purdum -explains Marion County Assessment, Exhibit G, expresses
 assessed value has doubles of 2 bedroom home, pays 15% of gross income tax
 on property tax before paying bills
 175 CLOSES PUBLIC HEARING
 OPENS WORK SESSION ON 2198 A, EXHIBIT
 191 Rep Rasmussen moves 2198 a 2 RESTORE BRACKETED MATERIAL ON LINE 7
 MOVES HB 2198 A BE SENT TO FLOOR WITH DO PASS REC
 REP. RASMUSSEN WILL CARRY BILL
 227 Chair Schoon adjourns meeting at 10:10 am