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Bill # and Hearing Type

House Committee on
State and School Finance
February 20, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

FEBRUARY 20, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair (excused at 9:55 am)
Rep. Ron Adams (8:33 am arrival)
Rep. Lee Beyer (8:50 am excused late arrival)
Rep. Tim Josi (8:50 am excused late arrival)
Rep. Tony Federici, Vice Chair (8:36 am late arrival)
Rep. Jane Lokan (8:35 am late arrival)
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: David Barrows, President Oregon League of Financial
Institutions
Gary Carlson, Associated Oregon Industries
John Glasscock, Concerned Citizen
Gerry Hanson, Director of Assessment, Washington County
Jim Gangle, Director of Assessment, Lane County
Don Schellenberg, Associate Director of Governmental Affairs for the

Oreg

Farm Bureau

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

TAPE 71 SIDE A

007 Chair Schoon -calls the meeting to order at 8:30 am and conducts
administrative business
OPENS PUBLIC HEARING HJR 16, 22, 26,5
Dave Barrows, Oregon League of Financial Institutions President
-expresses concern about proposals, market place is place to allow questions

to be resolved, puts greater value on certain kinds of housing as compared
to others, resolve property values in other ways
035 Rep Welsh -asks about fixed incomes individuals
039 Barrows -answers revisiting rate and Deferral Program, when it began it
had no income tax, blanket assessment causes great disjointing of system
054 Rep Strobeck -asks if clients are concerned about home financing
057 Barrows -home residential lenders, certain properties are favored over
others, need to sell at price that covers their security
064 Rep. Adams -expresses that seniors are concern to legislators
089 Barrows -doesn't have statistics on number driven from homes
107 Vice Chair Federici -emphasizes that tax deferral is not being used by
their choice, are people being taken out of their homes
122 Barrows
145 Rep Lokan -fear of encumbrance on homes, seeing equity used up on senior

tax deferrment

155 Chair Schoon -
157 Barrows -fear that certain properties have artificial values, concern
that property will be viewed by the public in certain ways, same concern in

Veteran's Home Loan program, which created an artificial market in many ways,

artificial alterations of market place is unwise

173 Chair Schoon -stability for tax payers
187 Barrows -predicatability is advantageous but non-intrusion inot market

place is more appropriate way to move forward

220 Gary Carlson -refers to Exhibit A, Written Testimony, opposing artificial

assessed value growth limitations

259 -discusses alternative solutions

-legislatively set school tax bases to an equivalent dollar amount of \$5 per thousand against 1995/96 assessed value

-further limit property tax increases allowed on each parcel of property to an establish percentage increase

-further reduce Measure 5 Section maximum rate

293 Rep. Adams -asks

298 Carlson -typical school tax rate was \$15/1,000, ultimate lid on school

property taxes will be seen this fall at \$5/1,000, many tax bases are

restricted, excess levying authority to large number of school districts,

statutorily limit levying authority to amount calculated, voters would

have to vote beyond 6% increase in levy amount

355 Chair Schoon -asks if #1 alternative would be district votes

361 Carlson -each district would vote. school equity issue would need to be

further discusses

380 Carlson -has no suggestions how to handle that

386 Chair Schoon -asks if other states limit property assessment, Steve Meyer

will check on that

TAPE 72 SIDE A

007 John Glasscock -refers to Exhibit B, Written Testimony, opposes any

artificial limits, discriminates against middle class

049 Rep Beyer -questions

056 Glasscock -price control under President Nixon failed, avoids market

place

057 Rep. Adams -to apply the same taxes to those who have paid school taxes

over the years, figure out a way so elderly can stay in home

068 Glasscock -determined on ability to pay for seniors, approves Gary

Carlson's second alternative solution

097 Gerry Hansen -opposes caps, problems of meeting expectations of taxpayers

versus reality, timing of that market was up when Measure 5 came into play,

market fluctuates, assessors feel in stable situation in regards to property

taxes, most taxpayers have paid less in last several years, voters are

approving levies

166 Jim Gangle -real market value is basis for equity, assessors are working

at being more, assessors must have system that is economical and efficient,

will administer whatever program is put into place, focus on problem,

concerned about roll backs, roll back would destroy equity created over

last few years, costly, make adjustments for anything that occurred in

intervening year, unnecessary, go forward rather than backward, in terms of

residential programs, narrow focus is expensive and difficult to

administer, broad program is cheaper and easier to administrate, focus on

program that helps elderly, set up process that focuses on age and income

225 Vice Chair Federici -refers to Exhibit C, letter to Rep. Josi

257 Hansen -would like to be part of designing team, county to county

different problems would have to be addressed

273 Gangle -previous programs were very costly to institute

287 Rep Beyer -are they resolving a problem that

297 Gangle -Lane County market is slowing down due to increase in industry

and will continue to do so, rate of increase has slowed down,

310 Beyer -questions

314 Gangle -still lag behind rest of West Coast in values, now playing catch

up

-Owner-Occupied Principle Residence program, application was sent in,

problem of splitting property, did not apply to properties that received

deferral, define, qualify the properties

371 Vice Chair Federici -asks if real market value system is more accurate

and equitable now than pre Measure 5 cas value program

382 Hansen -difference is ability of assessor HB 2338, physical reappraisal

program

TAPE 70 SIDE B

010 Rep Strobeck -first hand knowledge of those being priced out of homes

014 Hansen -haven't foreclosed on anyone, will get numbers of those using

senior tax deferral, don't like to encumber property

031 Rep. Adams -assessed value, what is dwelling vs. land

042 Hansen -prices of land are high

068 Gangle -land values increase when an amenity associated with it--ocean,

view etc., land residuals in built up areas where no land sales

093 Don Schellenberg-refers to Exhibit D, opposing HJR 16 and HJR 26 or any

other value cap bill

158 Chair Schoon -asks about farm assessments

160 Schellenberg -no different than any other commercial property, farm use

assessment, penalty if land is taken out of farm use, not tax deferral

182 Chair Schoon CLOSES PUBLIC HEARING

186 Chair Schoon -conducts administrative business

222 Chair Schoon RETURNS TO PUBLIC HEARING ON HJR 26

226 Rep. Adams -asks to see numbers

260 Chair Schoon -discusses Exhibit C, anything not owner occupied is

investment property

279 Jim Scherzinger -refers to Exhibit E, Property Tax Limit Examples,

Current Law,

-values growing faster than levy result???, if Measure 5 limits are

applied to schools, tax rate after \$5 limit is applied is \$4.38 every year,

overall rate is dropping, but after Measure 5 is applied, converting from

floating rate system to fixed rate system, city and county are under levy

limits, not rate limits, so that rate drops every year

TAPE 72 SIDE B

006 Scherzinger -refers to Exhibit E, page 2, slow growing property will pay

less taxes

033 -refers to Exhibit E, page 3 California type property tax limit example,

lower taxes because values are lower, no reduction for city and county
068 -refers to Exhibit E, Page 4,
096 -refers to Exhibit E, Page 5, seventh year summary
200 Rep Rasmussen -questions and discussion