

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 on HB 3017, 2265, 2268, 2266
Tapes 125-126 A & B

House Committee on
State and School Finance
March 21, 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

MARCH 22, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer (excused 9:45 am arrival)
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Tom Linhares, Oregon State Association of Assesors
Janice Druian, Multnomah County
Gary Carlson, Associated Oregon Industries
Chuck Smith, Oregon State Treasury
Jim Gangle, Director of Assessment, Lane County

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

TAPE 125 SIDE A

005 Chair Schoon -calls the meeting to order at 8:30 am and conducts
administrative business

016 -OPENS PUBLIC HEARING ON HB 3017

HB 3017

031 Jim Scherzinger - refers to Exhibit A, Impact Statement
-refers to Exhibit B, Special Report, College Savings and Prepayment

Programs

-explains if bonds are redeemed for anything other than college, investor
would receive less of return

-allows any non-profit private or public schools to participate
-variable rate on return, tuition will not grow faster than return on

investment

-includes reciprocal agreements with other states
-establishes Education Finance Board

Scherzinger -investors must pay state and federal impact tax on redemption
of bond

-possibility of corporate income tax imposed on program itself
-considerations:
-determination if function of state government
-programs involve state and institutions assuming some risk that guaranteed

rate to investors would exceed earnings on investment of fund

143 Chuck Smith -summarizes many states have authorized similar plans

171 -need secure investment contract between state and parents
-recommends bill be modified to be investment contract, rather than revenue

bond

-if intent to bring tax exempt income, interest income from bonds would be
taxable rather than tax exempt

201 Chair Schoon -envisions something similar to baccalaureate bonds, but
not as limited in denominations

-notes in Florida, bonds can be purchased over period of time on
installment plan, available to families in smaller amounts

225 Smith -explains dual exempt bonds exempt from state and federal tax
-zero coupon, pays all interest at maturity, doesn't have to be used for
college, made available through hundreds of different locations

-narrow market for zero coupon bonds
 -bond market most receptive for standard zero coupon bond, which is always
 \$5,000
 -by decreasing denominations, no market except at great discount in market
 place, must sell on bond market
 360 -revenue bonds invested at taxable rates to pay off bonds in future,
 which removes them from tax exempt purpose
 378 Rep. Adams -suggests combination of zero coupon, dual exempt bonds, plus
 \$ going to higher education, if higher education will guarantee a rate
 TAPE 126 SIDE A
 026 Smith -problem with having payments staggered over period of time
 -\$ needed immediately by university
 086 Chair Schoon -CLOSES PUBLIC HEARING ON HB 3017
 090 -OPENS PUBLIC HEARING ON HB 2265
 HB 2265
 101 Janice Druian -requests Omitted Property Notice by 1st class instead of
 certified mail
 163 -allow Board Of Equalization to determine property based on real market
 value
 304 All -questions and discussion
 349 Druian - defines "real value"-minimum market value property would have in
 one year if exposed to market being sold by willing seller to willing buyer
 -explains taxpayer appeal process - appeal to Board of Equalization, then
 to Department of Revenue, then to Tax Board
 TAPE 125 SIDE B
 011 Jim Gangle -requests changing date for county grant documentation to be
 more timely with other budget processes in county
 -explains grant: \$ collected in Departments of Taxation, counties can apply
 to state for grants to receive portion back (approx 22-23% each year)
 053 Gangle -explains counties must maintain compliance through grant process,
 including work plan for next year, educational requirement
 116 Gary Carlson -recommends deleting section 1, since regular mail often
 does not reach intended party
 156 -stresses with certified mail, Department of Revenue has proof that mail
 reached intended party
 187 -Omitted Property Notice triggers appeal right to Department of Revenue,
 if not received taxpayer is out, wants assurance that taxpayer is aware of
 additional tax payment
 224 Chair Schoon -CLOSES PUBLIC HEARING ON HB 2265
 226 -OPENS PUBLIC HEARING ON HB 2266
 HB 2266
 241 Tom Linhares -defines code area is distinct geographic taxing district
 (school, water, fire, cemetery)
 -uniform culumulative rate
 -Columbia County has 122 code areas
 390 -refers to Exhibit F, redefined language of HB 2266
 TAPE 126 SIDE B
 020 All -questions & discussion
 073 Linhares-notes Department of Revenue objects to averaging assessments as
 opposed to individual assessments
 081 Chair Schoon -CLOSES PUBLIC HEARING ON HB 2266
 -OPENS PUBLIC HEARING ON HB 2268
 HB 2268
 085 Steve Meyer -explains HB 2268 changes deadline to file an application for
 designated forest land
 -eliminates filing after April 1 for omitted property assessment or
 assessed value increases
 140 Linhares-refers to Exhibit G, redefined language of HB 2268
 160 All -general questions & discussion
 293 Chair Schoon -adjourns meeting at 10:20 am

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. HB 3017, Scherzinger, Revenue Impact, 3/21/95
- B. HB 3017, Scherzinger, Special Report, College Savings and Prepayment Programs
- C. HB 3017, Scherzinger, State Tuition Prepayment Programs
- D. HB 2265, Meyer, Revenue Impact, 3/20/95
- E. HB 2266, Linhares, Written Testimony, 3/22/95
- F. HB 2266, Linhares, Written Testimony, 3/22/95
- G. HB 2268, Linhares, Written Testimony, 3/22/95
- H. HB 2266, Myer, Revenue Impact, 3/20/95
- I. HB 2268, Myer, Revenue Impact, 3/20/95
- J. HB 2796, Myer, Revenue Impact, 3/20/95
- K. HB 2797, Myer, Revenue Impact, 3/20/95
- L. HB 2796, Linhares, Written Testimony, 3/22/95
- M. HB 2797, Linhares, Written Testimony, 3/22/95