

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 HB 2267, 3333, 2196
Work Session HB 2267, 3333
Tapes 151 A & B, 152 A

House Committee on
State and School Finance
April 7, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

APRIL 7, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Lee Beyer (9:40 am late arrival)
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anita Rasmussen
Rep. Ken Strobeck (8:40 am late arrival)
Rep. John Watt
Rep. Jim Welsh (8:40 am late arrival)

Witnesses Present: Rep Rasmussen, District 11
Gil Riddell, Association of Oregon Counties
Robert Ellis, Multnomah County Assessor
Lincoln Cannon, Oregon Forest Industries Council (OFIC)
Jim Manary, Department of Revenue

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

TAPE 104 SIDE A
004 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
006 -OPENS PUBLIC HEARING ON HB 3333
HB 3333
010 Steve Meyer -explains bill eliminates property tax exemption for fallout shelters
-applies to residential property
039 Rep Rasmussen -testifies she introduced bill in attempt to raise more state revenue
055 -eliminates tax credits for existing and future fallout shelters
070 Meyer -informs most state fallout shelters located in Multnomah County
-900-1,000 high rise units using shelters
-now used as underground parking shelters
098 Rep Strobeck -reports history of lack of use for fallout shelters
111 Meyer -informs no new fallout shelter applications for high rises in Multnomah County
132 Rep Lokan -refers to Exhibit A, Letter from Senator Walden, voicing concerns over taxation for public broadcast system fallout shelters
178 Rep Rasmussen -suggests that Sen. Walden could submit amendments
203 Rep Strobeck -recommends amendment for commercial building fall-out shelter
213 Rep Watt-refers to ORS, which only exempts fallout structures used as dwellings or fallout shelters located 100 yards from a dwelling
285 Chair Schoon -CLOSES PUBLIC HEARING ON HB 3333
-OPENS PUBLIC HEARING ON HB 2267
HB 2267
301 Meyer -explains bill eliminates property tax exemption for fallout shelters beginning on or after July 1, 1996 and removes requirement that real market value of public properties be determined, summarized and published (federal property and local property would not have to be assessed each year, which includes public libraries, and private libraries open to public)
346 Gil Riddell -affirms assessors don't have time and resources to assess public property, which will never be taxed

359 Robert Ellis -informs assessors currently required to assess all real property in county, much is publicly owned and unique in nature, values obtained by least accurate method, cost approach, where value of property determined and depreciation deducted

TAPE 152 SIDE A

029 Ellis -reports assessors required to assess every 6 years on property which continually fluctuates

050 Meyer -explains intent of bill to not require appraisals every 6 years

061 Chair Schoon -suggest restoring 307.090 and 307.060, so only federal property would be eliminated from assessment

-CLOSES PUBLIC HEARING ON HB 2267

-OPENS WORK SESSION ON HB 2267

085 Chair Schoon -MOVES TO RESTORE 307.090 AND 307.060 ON LINE 6

-THERE BEING NO OBJECTION THE CHAIR SO ORDERS

091 Rep Rasmussen -reports Sen. Walden does not have house within 100 yards of fallout shelter, therefore would not be taxed for shelter

098 Chair Schoon -WITHDRAWS MOTION

-MOVES LINE 9-11 BE DELETED

Rep Watt-MOVES HB 2267 AS CONCEPTUALLY AMENDED TO FLOOR WITH DO PASS

RECOMMENDATION

122 Chair Schoon -recommends waiting to move bill until until amendments are drafted by Legislative Counsel

-CLOSES WORK SESSION ON HB 2267

-OPENS PUBLIC HEARING ON 2196

HB 2196

137 Larry Richards -explains bill equalizes Eastern Oregon Service Tax program with Western Oregon, requires owners of timber sales to report within 30 days

-requires sellers of logs to supply permit # and timber owner's name to purchaser to be used in audit work in Eastern Oregon

-imposes \$1,000 penalty for failing to report information

-informs Sections 3-4 are merely housekeeping measures:

-Section 3 moves date for when values are determined to Feb. 1

-Section 4 moves appeal deadline to March 1 to give taxpayer 30 days to appeal values

203 Vice Chair Federici -asks why Eastern and Western Oregon timber tax wasn't modified at same time last session

-asks if definition of of timber owner has been resolved

205 Richards-replies issue has not been resolved, but rather inferred timber owner at time of harvest

274 -explains three bills passed in 1993 session addressing timber tax issues, where some dates to coincide with yearly filing were inadvertently not changed

294 Linc Cannon -agrees bill corrects oversights

299 Dick Yates -asserts changes last session were extensive, change from fiscal to calendar year

-since majority of timber \$ located on west side, issues addressed were Western Oregon issues

Cannon -summarizes since 1961 different tax systems have been implemented for Eastern and Western Oregon

-goal to combine programs to make just one tax system

-east side has limited data base due to fewer sales

-affirms timber industry supports HB 2196

354 Rep Lokan -asks if penalty is new provision

360 Richards-\$1,000 penalty is new in Eastern Oregon, but is already in place in Western Oregon

-amount has been determined fair by timber industry

381 Rep Watt-asks what affect harvest of insect infested or burned logs would have on stumpage values

TAPE 151 SIDE B

004 Richards-replies values would not be skewed if accurate appraisal made for diseased and damaged timber

-potential that sale would be thrown out if accurate value could not be determined

-informs reason for gathering information of standing timber sales for log sale transactions is to determine stumpage value tables (\$ per board feet) for taxpayers to report tax

025 Rep Lokan -asks if penalty language could be "up to \$1,000," instead of firm \$1,000. to offer flexibility

033 Richards-answers that is already happening on case-by-case basis

043 Jim Manary -says Department of Revenue has power to waive all or part of penalty

052 Richards-says Eastern Oregon defined as beyond Cascades

-defines "woods direct" as timber coming out of woods severed from stump on truck to mill, not wood transported from one mill to another mill

-wood scaled at mill is considered "harvested" for severance tax purposes

-explains scaling has to do with measurement to determine volume and quality of log, which is the crux of determining value and amount of tax to be paid

073 Chair Schoon -asks why on line 7 both sale and purchase are mentioned

074 Richards-answers seller and purchaser have agreed which one will provide information

-one can't be fined if other didn't report

Chair Schoon -requests clarifying language on lines 17, 18, 19 of bill

099 Richards-reasserts goal to streamline audit procedures

163 Rep Welsh -informs 30 days is adequate amount of time to appeal tax

168 Manary -reports Department of Revenue has good working relationship with timber industry, will work with companies to provide electronic filing to ease burden and decrease administrative costs

183 Yates -reviews committee proposed amendments

187 Cannon -affirms OFIC aware of penalty issue, but \$1,000 penalty is high

209 Richardsasserts any modifications made for Eastern Oregon should be made for Western Oregon

180 Chair Schoon -asks staff to draft amendment on who gets fined, adding

language "up to \$1,000 fine," and specifying that both buyer and seller
won't get fined
243 Chair Schoon -asks Rep Welsh to work on amendments with staff, Lincoln
Cannon, and Department of Revenue staff
248 Chair Schoon -CLOSES PUBLIC HEARING ON HB 2196
-adjourns meeting at 9:55 am

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. HB 3333, Walden, Written Testimony, 4/7/95
- B. HB 3333-1, Meyer, Porposed Amendments, 4/7/95
- C. HB 2267, Meyer, Fiscal Impact, 3/27/95
- D. HB 2196, Yates, Staff Measure Summary
- E. HB 2196, Yates, Revenue Impact, 3/13/95