

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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Work Session HJR 26
Public Hearing HB 3347, 3428, 2134
Tapes 211-212 A & B

House Committee on
State and School Finance
May 5, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

MAY 5, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING
REFLECTS THE A.M. PORTION.
SEE MAY 5, 1995, 3:15 P.M. FOR FURTHER INFORMATION

Members Present: Rep. John Schoon, Chair
Rep. Lee Beyer (9:10 a.m. late arrival)
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anitra Rasmussen
Rep. Ken Strobeck
Rep. John Watt
Rep. Jim Welsh

Witnesses Present: Rep. Tony Corcoran, District 44
Rep Lokan, District 25
Jim Manary, Department of Revenue
Dennis Day, Polk County Assessor
Peter Grundfossen, Association Oregon Housing Authorities

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

TAPE 211 SIDE A

005 Chair Schoon -calls the meeting to order at 8:30 am and conducts
administrative business
-OPENS PUBLIC HEARING ON HB 3347 & HJR 26

HB 3347

009 Rep. Tony Corcoran -refers to Exhibit A, Written Testimony on HB 3039 for

inclusion in HB 3347, recommending 50% increase in property tax exemption
for disabled veterans

-notes fiscal impact \$660,000 school tax loss
-local government loss \$260,000

067 Rep Josi-expresses support of help for disabled

076 Rep. Corcoran -explains disabled definition is considered 40% disability
or more

083 Jim Scherzinger -explains \$7,500 exemption is available to veterans and
spouses

-previous legislature decided to grant higher exemption of \$10,000 for
disabled veterans

124 Rep Lokan -addresses HB 3347, which improves property tax relief for
seniors

-refers to Exhibit I, Written Testimony

Rep Lokan -notes seniors seldom use property tax deferral for fear of having

liens on their property

-refers to Exhibit B, HB 3347-2 Proposed Amendments

-bill would save \$ on medical and senior citizen care

-reduces interest charge from 6% simple to 3% compound interest

-increases eligibility to \$25,000 of gross income and \$29,000 adjusted

gross income thereafter

-explains compound interest at lower rate is less than current simple rate

-adds current income limit of \$19,500 eliminates many seniors who could use

help

269 Chair Schoon -CLOSES PUBLIC HEARING ON HB 3347
-OPENS WORK SESSION ON HB 3347

273 Rep Lokan -MOVES ADOPTION OF HB 3347 -2 AMENDMENTS

274 Rep Strobeck -notes \$29,000 seems high for exemption
295 Vice Chair Federici -notes senior tax deferral program is under-used
310 Scherzinger -comments notices are not sent to seniors
315 Jim Manary -responds information is available at Assessors Office, however, no marketing program available to inform seniors
333 Vice Chair Federici -asks if assessors could inform seniors of program
339 Dennis Day -answers some public relations communication is attempted to inform seniors of all programs available, but no mechanism in place
TAPE 212 SIDE A
015 Rep Strobeck -summarizes two issues: not using program for liens, and not knowing about the program'
-suggests including informational flyer in tax packet
044 Chair Schoon -asks if assessors could include flyer in tax statement
049 Day -answers they will do this
061 Chair Schoon -THERE BEING NO OBJECTION THE CHAIR SO ORDERS
081 Chair Schoon -asks if members agree with Rep. Corcoran's desire to draft amendments to assist disabled veterans with tax exemption increase
100 All -discussion and agreement to help veterans with tax exemption
113 Rep Beyer -asks if intent is to move entirety of HB 3039 into HB 3347
119 Scherzinger -bill in eligibility section dependent upon income with blank amount to be determined
-determining appropriate figures to match federal qualification
notes relating clause doesn't fit to move entire HB 3039 bill into HB 3347
165 Rep Lokan -MOVES HB 3347 AS AMENDED TO HOUSE FLOOR
-ROLL CALL VOTE: MOTION PASSES 8-0, MEMBERS VOTING AYE: BEYER, JOSI, LOKAN,
RASMUSSEN, STROBECK, WELSH, FEDERICI, SCHOON. MEMBERS EXCUSED: WATT
170 Chair Schoon -asks Rep Lokan to carry bill in floor debate
196 Scherzinger -refers to Exhibit J, Property Tax Relief Options
-explains five options:
-value limits (each property or average property)
-tax limits (each property, levy limits)
-rate reductions (schools, non-schools)
residence-only option
-homestead-only options (homestead exemption, circuit breaker-last dollar, first dollar, age-based)
301 -explains two types of property value: re-value at sale, new at market, no re-value at sale, new at market
-discusses pros and cons of value limits, page 2, Exhibit I
TAPE 211 SIDE B
085 -notes class distinction more important than variations in growth among local areas
113 -residence versus non-residence valuation would be easier to implement
-tax limits tax directly, rather than limiting the value
-limits all non-schools even if they have been frugal in the past
-tax limit worse than value limit in technicalities
158 -explains two types of tax limits: rise to Measure 5 limit on sale and new property at Measure 5 limit or no extra rise on sale and new property calculated
181 -suggests looking at all three limitations and determining tax limit that can work, change existing limitations
-levy limits have equivalent effect of average value limit, if limit total amount imposed limits average tax growth on property
218 -less reliability for taxpayer with levy limit
-limiting school levies doesn't help taxpayer
237 -discusses rate reduction
-easy to administer
-preserves market value concept
-has same affect as average value limit, but is more flexible
-if done statutorily, rather than constitutionally, causes many potential problems for schools
290 -residence only programs are cheaper, can be done without application to homeowner, stops shift onto residences, preserves market value concept for business
-creates split roll, could skirt taxes too much on business, could create large incentive to approve levies
311 -explains homestead-only programs
-circuit breaker programs set up to target income groups, which targets relief to owners with high taxes compared to income, but creates incentive to approve higher taxes
363 Scherzinger -explains conclusion that fundamental choice is whether to preserve market value concept
404 -average value limit still uses market value, but everyone appraised at same percent
TAPE 212 SIDE B
011 -greater assurance options are tax or value limits on each property
034 Peter Grundfossen -testifies against HJR 26
-informs by limiting property taxes, other things transpire-schools, cities, counties have revenue streams reduced
-housing, human services, and higher education would be affected
115 Scherzinger -refers to pages 7-9, Exhibit J, noting revenue impact with various tax limit options
327 Chair Schoon -conducts administrative business
-recesses meeting at 10:30 a.m. until 3:15 p.m.
-(See record for 5/5/95, 3:15 p.m.)

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. HB 3347, Corcoran, Written Testimony, 4/26/95
- B. HB 3347, Yates, -2 Proposed Amendments, 5/4/95
- C. HB 3347, Scherzinger, Revenue Impact, 5/3/95
- D. HB 3347, Yates, Fiscal Impact, 3/14/95
- E. HB 3347, Scherzinger, 5/4/95

F. HB 3347, Scherzinger, Senior Property Tax Deferral, 5/4/95
G. HB 3347, Scherzinger, Senior Deferral Example, 3% Deferral, 5/3/95
H. HB 3347, Scherzinger, Senior Deferral Example, 4% Compound, 5/3/95
I. HB 3347, Lokan, Written Testimony
J. HJR 26, Scherzinger, Property Tax Relief Options, 5/4/95
K. HJR 26, Scherzinger, Property Tax Cut and Cap Initiative