

Work Session HB 2438, HB 2057  
HB 2240, HB 2439  
HB 2441, HB 2442  
Tapes 59-60 A/B  
61-62 A

HOUSE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON INCOME TAXATION

-  
MARCH 19, 1993 8:00 AM HEARING ROOM 357 STATE CAPITOL BUILDING

Members Present: Representative John Schoon, Chair  
Representative Ron Adams  
Representative Tony Federici  
Representative Delna Jones, Ex Officio  
Representative Gail Shibley (g:45 departure, 10:30 arrival)  
Representative Greg Walden (g:70 departure, 10:30 arrival)  
Witnesses Present: Ken Everett, Forests Forever, Inc.  
Ed Lanton, Hibbard, Caldwell, and Schultz

Staff: Richard Yates, Legislative Revenue Office  
Mary Gottlieb, Committee Assistant

TAPE 059 SIDE A

001 CHAIR SCHOON called the meeting to order at 8:15.  
010 CHAIR SCHOON conducted administrative business.  
020 DICK YATES introduced Example of How Property Tax is Affected by  
Reduced Forest Land Value of Reduced Yield Tax (Exhibit 1).  
DICK YATES explained how timber tax offsets effect the total tax revenue.  
He also presented a model for computing timber taxes and options for  
decreasing the tax burden on forestry.  
Discussion and questions.  
124 DICK YATES continued with page 4, Tax Imposed, which showed taxes with  
the Measure 5 limitation.  
235 DICK YATES demonstrated the effect of reduced forest land values on  
school districts under compression.  
Discussion and questions.

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 Committee on

Revenue and School Finance

Subcommittee on Income Taxation March 19, 1993 Page 2

TAPE 060 SIDE A

001 Discussion continues with DICK YATES with regard to timber tax yields.  
014 DICK YATES stated that the tax rate could shift due to the receiving  
districts which means the city loses and that money goes to the county.  
Discussion and questions.  
141 DICK YATES responded to a question by REP. SHIBLEY by stating that the  
counties are losing because there is less value in the forest lands.  
Discussion and questions.  
201 DICK YATES presented the effects on school districts, emphasizing  
schools located in heavy-timber counties. He explained tables in Exhibit 1  
which illustrated the effects on school levies.

Discussion and questions.

343 DICK YATES stated that the Western Oregon Severance Tax (WOST) goes back to individual districts within the counties based on a five year average of harvests and the amount of forest land within that district.

TAPE 059 SIDE B

001 Discussion continues with DICK YATES with regard to Exhibit 1.

Questions and discussion.

075 DICK YATES continued with his explanation of the figures in Exhibit 1.

190 DICK YATES responded to a question by REP. SHIBLEY about the Astoria School District by stating that the distribution formula contains growth aspects. The problem of having a school district totally supported by property tax is the difference in valuation per student to the extent that you have a poor district.

Discussion and questions.

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 Committee on

Revenue and School Finance

Subcommittee on Income Taxation March 19, 1993 Page 3

350 DICK YATES pointed out that, in some cases, school funding has been reduced even though the funding formula says that cannot happen. In another case, there was no change in property or severance taxes but according to the basic formula, they would lose basic school support.

TAPE 060 SIDE B

001 Discussion continues with DICK YATES with regard to timber tax school support.

050 ED LANTON (with KEN EVERETT) testified in support of HB 2057 and proposed an exemption for individuals who have deeded their land to Forests Forever. Under this agreement, the property would be used for non commercial forest use, research and development, conservation of forest ecosystems, and education of the general public.

Discussion and questions.

157 KEN EVERETT testified that timber owners are eager to volunteer their property for educational purposes. Forests Forever wants to take an active part in the education of other woodland owners, teachers, and youth about forest management, ecology, and conservation.

Discussion and questions.

270 ED LANTON is requesting exemptions for Forests Forever because it is a nonprofit organization.

300 CHAIR SCHOON recessed at 10 a.m.

301 REP. SHIBLEY, Acting Chair, reconvened at 10:38 a.m.

311 DICK YATES continued with his explanation of timber tax yields with regard to HB 2438.

TAPE 061 SIDE A

001 DICK YATES continued with his testimony and discussion of Exhibit 1.

Questions and discussion.

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.

105 DICK YATES stated that once the state has determined statewide how much severance taxes are going down, then the basic grant level has been reestablished. As a result of that, all districts are going to receive less.

265 DICK YATES answered committee questions with regard to the change in dollar amounts to school districts caused by Measure 5.

Discussion, comments, and questions.

380 DICK YATES responded to a question by REP. ADAMS by stating that a county levy of \$3 million, which is inside Measure 5, a measure for bonds of \$137,000, and offsets which are severance tax monies going to that district, offset the effect of the shortfall on the school levies.

TAPE 062 SIDE A

001 Discussion continues with DICK YATES and his explanation of Exhibit 1 and the reduced forest land values.

190 CHAIR SCHOON brought the committee's attention to Exhibit 2, Tax on Forest Land prepared by DICK YATES.

216 CHAIR SCHOON adjourned the meeting at 11:28 a.m.

Mary Gottlieb, Committee Assistant

Kimberly Taylor, Office  
Manager

#### EXHIBIT SUMMARY

1. Forest Land Revenue Impact of HB 2438, Dick Yates, Legislative Revenue Office.
2. Summary of Tax on Forest Land, Dick Yates, Legislative Revenue Office.
3. Forests Forever Agreement, Ken Everett, Forests Forever, Inc.

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.