

Work Session HB 2438,  
HB 2057  
Tapes 75-76 A/B

HOUSE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON INCOME  
TAXATION

APRIL 2, 1993 8:00 AM HEARING ROOM 170 STATE CAPITOL BUILDING

Members Present: Representative John Schoon, Chair Representative Ron Adams  
Representative Tony Federici Representative Delna Jones, Ex Officio  
Representative Gail Shibley Representative Greg Walden  
Witnesses Present: Ward Armstrong, Oregon Forest Industries Council (OFIC)  
Joe Misek, Department of Forestry (DOF)  
Linc Cannon, Oregon Forest Industries Council Ed Kelly, Weyerhaeuser Paper  
Company

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

TAPE 075 SIDE A

001 CHAIR SCHOON called the meeting to order at 9:40.

009 DICK YATES presented background information on the changes and progress  
made by the committee on HB 2438.

Questions and discussion.

090 MOTION REP. SHIBLEY moved to delete the second "and"  
on line 36, page 2, and line 37, after the  
word "shifts," the sentence should read "and  
encourage millage of timber products within  
Oregon."

DISCUSSION and ARGUMENTS

192 ORDER CHAIR SCHOON, hearing no objections, so ordered.

201 DICK YATES continued with his testimony and explanation of HB 2438-1.

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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272 DICK YATES referred to page 12, line 6, which changes the proportion of  
the assessed land value to 50 percent the first year, which is the tax year  
beginning July 1, 1994. This change is aimed at making the bill more  
revenue neutral.

312 DICK YATES suggested Section 20, as amended, should read: for the tax  
year beginning July 1, 1994, and for each tax year thereafter, forest land  
in Western Oregon shall be subject to ad valorem taxation at the same rates  
as non forest land similarly situated. The assessed value for taxation for  
such forest land shall not exceed 50 percent of its value for the tax year  
beginning July 1, 1994, and 20 percent of its value for all future tax  
years beginning July 1, 1995.

Discussion and questions.

355 DICK YATES continued with page 14, the rates as they apply to Eastern  
Oregon.

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001 DICK YATES continued with his explanation of Amendment 1.  
Discussion and questions.

133 DICK YATES presented Exhibit 1, Subcommittee Amendments to HB 2438, which clarified the changes already made by the committee with regard to the amendments.

186 MOTION REP. SHIBLEY moved that on page 13, line 1, delete the second "and," insert a comma, on line 2, insert "encourage millage of timber products within Oregon."

194 ORDER CHAIR SCHOON, hearing no objections, so ordered.

199 DICK YATES continued with Exhibit 1 and proposed language for the amendments.

Discussion and questions.

320 DICK YATES turned to page 11, Subsection 4, where the land is put on the tax roll at less than 100 percent of value. If the court finds that yield taxes are subject to the Measure 5 limits, then the land would be assessed at 100 percent.

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349 REP. SHIBLEY suggested that the committee should be consistent with regard to the language in all the forestry bills. She also suggested that timber be considered a crop.

Discussion and questions.

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001 Discussion continued with the issue of tree farms and forests.

044 WARD ARMSTRONG (with JOE MISEK) suggested that the committee refer to ORS 527.630 of the Forest Practices Act to obtain a definition of timber and crops.

081 JOE MISEK suggested that the primary purpose of forest lands is for the growing and harvesting of trees. The existing policy in Oregon is that management of timber lands is not exclusive of enhancement of other benefits.

Discussion and questions.

174 DICK YATES stated that amendments should be drafted to contain the new language voted on by the committee and resolve any legal questions.

195 LINC CANNON (with ED KELLY) testified that land values developed for the bill are \$25 per acre and indexed annually by the assessors. The value now is \$27 per acre and by next year the values should be \$42 per acre.

Discussion and questions.

297 LINC CANNON turned the committee's attention to page 4, Section 6, where the language should read effective January 1, 1994, all timber in Western Oregon shall be exempt from ad valorem taxation and in lieu of a portion of ad valorem taxes on forest land.

Discussion and questions.

391 DICK YATES raised questions of the Governor's budget and the fact that the revenues would be less with regard to forest lands. That reduction in revenues could still be higher than the Governor's budget.

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001 Discussion continues with LINC CANNON and ED KELLY.  
043 CHAIR SCHOON adjourned the meeting at 11:10 a.m.

Mary Gottlieb, Committee Assistant  
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Subcommittee Amendments to HB 2438, Dick Yates, Legislative Revenue Office.
2. Current Revenues Compared to 1995-96 Revenue Under HB 2438, Dick Yates, Legislative Revenue Office.

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