

Work Session HB 2124
Tapes 13-14 A/B
15 A

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL FINANCE
PROPERTY TAX SUBCOMMITTEE
FEBRUARY 4, 1993 8:00 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Representative Tom Brian, Chair
Representative Mike Burton
Representative Margaret Carter
Representative Fred Girod
Representative Delna Jones
Representative Jim Whitty

Witnesses Present: Jill Thorne, Member, Task
Force on Special

Assessment on Historic Property
Conrad Steber, Salem Historical Landmark
Commission, Restoration Architect
Dennis Day, Polk County Assessor, Assessor's
Association
Jim Manary, Department of Revenue
Mark Nelson, Public Affairs Counsel, Oregon
Historical Properties Association
Bob Minon, Director, Parks and Recreation
Department, State Historic Preservation
Officer

James Hamrick, Program Manger, State Historic
Preservation Office

Staff: James Scherzinger, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 13 SIDE A

005 CHAIR BRIAN called the meeting to order at 8:12 .

006 CHAIR BRIAN opened the Work Session on HB 2124.

018 JILL THORNE testified as a member of the Task Force in support of HB
212 4. She spoke about the benefits to Oregon to preserve historic property,
especially the economic value to small towns.

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meeting. Text enclosed in quotation marks reports the speaker's exact
words. For complete context of proceedings, please refer to the tape
recording.

House Committee

on

Revenue and School Finance Property Tax Subcommittee February 4, 1993 Page
2

She also believed "indexing" would kill the tax incentive program on
historic property.

Questions and discussion interspersed

225 CONRAD STEBER testified concerning the issue of "indexing," which he
did not support. He also addressed the concept of "open house" on historic
property when it is used by a charity.

Questions and discussion

287 DENNIS DAY explained how "indexing" works currently on groups of

historic property, both residential and commercial. The premise of "indexing," as an annual ratio study program, is to compare last year's assessed value against current sales prices of certain properties. An overall, blanket adjustment is then applied to the historic groups of properties.

Questions and discussion

372 DENNIS DAY explained the two values are carried on the roll for historic properties: one value is frozen, and one includes all the improvements done on the historic property. The property is then taxed at the lower value as long as it is receiving the special assessment.

Questions and discussion

TAPE 14 SIDE A

002 Questions and discussion continued with DENNIS DAY.

093 DENNIS DAY asked the members to clarify the language on "indexing" in HB 2124 in order to make it possible for assessors to implement it properly on historic property. He gave examples of difficulties with "indexing."

Questions and discussion

160 JIM MANARY clarified that the frozen base is used to "index", and that the "index" is then used to determine values in a particular neighborhood.

182 MARK NELSON talked about his participation in the original legislation in 1975. He explained the differences in recommendations on the tax incentive program between the Task Force

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House Committee on

Revenue and School Finance Property Tax Subcommittee February 4, 1993 Page 3

on Special Assessments on Historic Property and that of the Parks and Recreation Department. He supported the recommendations of the Task Force and stressed the importance of the program for Oregon, stating this is one of the few special assessment programs that has a limited life yet economically improves the quality of an area. He believed "indexing" would effectively eliminate the program. He suggested that, to lessen the chance of fraud in the program, a time-line might be implemented through HB 2142, and he pointed out that HB 2124 already ensures the active participation of assessors in determining the continuing qualification of properties in the program.

TAPE 13 SIDE B

002 MARK NELSON continued his testimony. In justification of the special assessment program, he again emphasized how restored property adds considerably to the economic value of an area.

Questions and discussion interspersed

046 BOB MINON explained why the Parks and Recreation Department had recommended a 10-year special assessment period on historic property, rather than the current 15 year period. He would support a 15 year period if the property could come off the program after 7 1/2 years when the restoration planned had not been done.

Questions and discussion

155 JAMES HAMRICK related that it is stated in state law that historic buildings should be preserved and maintained, and he emphasized that it is just as important to preserve higher end, upper class properties as middle class properties or business districts. He mentioned the original intent of the legislation and how by administrative rule they attempted to eliminate

abuses of the program.

Questions and discussion interspersed with MARK NELSON, BOB MINON, and JAMES HAMRICK

TAPE 14 SIDE B

010 BOB MINON summarized his department's positions regarding the special assessment program, specifically related to differences between the Parks and Recreation Department's recommendations and those of the Task Force. He believed that the majority of the Task

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House Committee

on

Revenue and School Finance Property Tax Subcommittee February 4, 1993 Page 4

Force's recommendations were included in HB 2124. He emphasized that the Department had attempted to produce a fiscally responsible bill.

Questions and discussion

155 CHAIR BRIAN questioned the need for a philosophical statement to be included in HB 2124 (Section 1).

Questions and discussion

275 CHAIR BRIAN mentioned the first item ("Preservation Incentive") on a list from the Legislative Revenue Office (LRO) that delineates issues surrounding the special assessment on historic property. Loans and grants will not be considered. Exhibit 1

282 CHAIR BRIAN said that under the second item on the LRO list, "Tax Incentive," focus would be on the property exemption, not on an income credit or other tax incentive. Exhibit 1

385 CHAIR BRIAN discussed the third issue, which is the definition of "Historic Property." Exhibit 1

388 STEVE MEYER explained what "National Register Except Style/Architecture" on his list meant. Exhibit 1

Questions and discussion interspersed concerning the definition of "Historic Property," and whether or not restrictions should be put on the National Register definition of historic property. Exhibit 1

420 CHAIR BRIAN brought up the issue of "Property Standards." The members ruled out the following categories: none and normal maintenance. He stressed that renovation and restoration were the main goals of the program. Exhibit 1

Questions and discussion

TAPE 15 SIDE A

002 Questions and discussion about eligibility for the special assessment program. Exhibit 1

029 JAMES HAMRICK related that the intent of HB 2124 was to give the special assessment to people who were going to spend money on

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House Committee

on

Revenue and School Finance Property Tax Subcommittee February 4, 1993 Page

the property, primarily for substantial rehabilitation. There is a definition of "substantial rehabilitation" in Federal law, but not in the Oregon statutes.

Questions and discussion

085 CHAIR BRIAN raised the next issue, about what property would be exempt. The matter of "indexing" enters here. Exhibit 1

Questions and discussion

147 CHAIR BRIAN discussed the "Exemption Period" issue and believed the members had reached a consensus on a one-time, 15-year period, with progress inspections at 5 years and 10 years. Exhibit 1

Questions and discussion

193 CHAIR BRIAN mentioned the criteria of "Public Benefit" and discussion ensued. The consensus was that there should be some "open periods" imposed on historic property. Exhibit 1

Discussion

213 CHAIR BRIAN said the issue of "Administration" still had to be examined. Exhibit 1

Questions and discussion

228 CHAIR BRIAN discussed the "Disqualification" and "Sunset" criteria. It was the consensus that disqualifications were important in the program and that there needed to be another sunset/review in future years. Exhibit 1

239 CHAIR BRIAN noted for the record a letter from the Planning Department of Douglas County, supporting HB 2124 but asking for some changes. Exhibit 2

243 CHAIR BRIAN noted two other exhibits submitted for the record Exhibits 3 and 4

239 CHAIR BRIAN adjourned the meeting at 10:24.

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House Committee on

Revenue and School Finance

Property Tax Subcommittee

February 4, 1993 Page 6

Paula K. McBride, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. List of criteria to be decided about "Historic Property," Steve Meyer, Legislative Revenue Office.HB 2124
2. Letter from Betty L. Mack, Planner, Douglas County Planning Department, 1-29.93.HB 2124
3. Property Tax Analysis -- Indexing Scenarios, Oregon Parks and Recreation department, 2/3/93. HB 2124
4. Memorandum from Mike Byrnes, Task Force Member, Task Force on Special Assessment of Historic Property, 9/15/92.HB 2124

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