

Public Hearing: HJR 45
Work Session: SB 275A
Tapes 58 A/B
59 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE
PROPERTY TAX
SUBCOMMITTEE

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MARCH 26, 1993 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Tom Brian
Representative Mike Burton
Representative Jim Whitty
Representative Fred Girod
Members Excused: Representative
Carter

Representative Jones

Witnesses Present: B.J. Smith, League
of Oregon Cities

Bruce Anderson, Oregon Homebuilders Association

Mike Jordan, City Administrator, Canby

Rep. Lee Beyer, District 42

Steve Rhodes, City Manager, Tualatin

Charlie Warren, City Manager, Hood River

Bob Cantine, Association of Oregon Counties

Dale Matzo, Physical Services Manager,

Department of Insurance and Finance

Staff: James Scherzinger, Legislative Revenue Officer

Steve Meyer, Legislative Revenue Office

Paula McBride, Committee Assistant

TAPE 58, SIDE A

005 CHAIR BRIAN called the meeting to order at 8:17 a.m.

006 CHAIR BRIAN opened the Public Hearing on HJR 45.

011 STEVE MEYER explained that HJR 45 was a constitutional amendment that dealt with the tax base of taxing districts, and would allow the tax base to increase by the value of new construction in the district times the tax rate in the district. He further explained how this would be implemented; and because HJR 45 was a constitutional amendment, it would be submitted to the voters at the next general election.

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These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording.

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Questions and discussion

026 STEVE MEYER said HJR 45 would not effect schools because they already are at their Measure 5 limits, but other local taxing districts would be able to take advantage of the bill.

Questions and discussion

047 B. J. SMITH reviewed the issue of W R 45, which was basically granting an authority to levy. This was separate and distinct from the issue of

assessed valuation or the special taxes that might be permitted by special levies outside the tax base, which she believed was "the basic foundation of how local government operates." She said this issue had been previously presented to the Legislature, and she discussed why it hadn't been passed by the voters. Exhibit 1 and 2

070 BRUCE ANDERSON testified in favor of HJR 45. He said his organization had long supported the concept, and he urged members to support the bill.

088 MIKE JORDAN talked about the five tax base campaigns he had gone through in Canby, the last successful one in November of 1990 which was the same time Measure 5 passed. He briefly described his city and the substantial growth there during the last five years. He thought one of the difficulties with the state tax system was "trying to articulate to the voters how exactly the system worked," which was why they don't like to vote for tax base increases. The issue that smaller Oregon cities face was tremendous growth without the ability to pay for parallel infrastructure development to support that growth; and even they have "huge amounts of assessed valuation going on the rolls, they were experiencing almost no increase, relatively speaking, in their ability to collect revenues to cope with that growth.

139 MIKE JORDAN supported HJR 45 because it would target revenue growth to areas where the revenue was needed, and would not be a revenue enhancement mechanism for areas not growing and, thus, don't need additional revenue.

He referenced a handout given to members concerning revenue numbers from his community. Exhibit 3

Questions and discussion

220 REP. LEE BEYER testified in support of HJR 45. He talked of his own local experience with trying to explain the tax base system to the voters. He thought the public should "be offered the chance

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to change the tax base system" in what they would believe was a reasonable way. He urged members to support the measure, and he presented a letter of support for it from the Mayor of Springfield. Exhibits 4 and 5

266 STEVE RHODES testified in favor of HJR 45, and he encouraged the members to vote for it. He also talked about difficulties getting voters to believe that cities don't have the revenue to support their own rapid growth. He mentioned the growth and its consequences in his own city, and said the major difficulty has been providing the General Fund supported services (police, parks, libraries, planning). HJR 45 would allow his city to overcome problems and allow those services to increase, and he cited statistics on how HJR 45 might work there.

Questions and
discussion

333 CHARLIE WARREN supported HJR 45. Hood, Oregon not only has experienced tremendous growth, but also has a great influx of visitors during the summer months. The tax base there has been the same since 1948, and the revenue they receive from local taxation amounts to about only \$700,000 out of \$7 million budget.

Questions and
discussion

368 CHARLIE WARREN believed there was "a disincentive created in the current situation when it comes to the time for a request from a citizen for an annexation, and he gave an example of this, exploring the problems it causes the city.

Questions and discussion

TAPE 59 SIDE A

002 Questions and discussion continued between members and the witnesses CHARLIE WARREN and STEVE RHODES.

065 B.J. SMITH related that over half of Oregon cities were in some sort of compression, at least during the first year after the passage of Measure 5; however, that leaves 100 cities not yet touched by compression. For the fastest growth of these, a different set of dynamics were occurring. She believed that to cope with these dynamics, cities needed sufficient local option ability. She suggested additional language for HJR 45 related to tax bases in these fast-growing cities.

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Questions and discussion

123 BOB CANTINE believed that HJR 45 would have a different effect in different places, and he wanted to add language that would allow county participation in the vote HJR 45 created. He explained his reasoning for this, especially as related to compression. He referred to the handout from the City of Canby, related to a city with higher rates and added construction value on the property tax rolls. He supported the concept of HJR 45, but he was concerned about "working it within the scheme of Measure 5 and not just have an uncoordinated changing of rates between overlapping taxing entities." Exhibit 3

Questions and discussion

297 CHAIR BRIAN closed the Public Hearing on HJR 45.

299 CHAIR BRIAN opened the Work Session on SB 275A.

306 STEVE MEYER reminded members of amendments they had already considered (SB 275-A3) and pointed out the language requested in the amendments SB 275 -A4.

329 DALE MATZO related discussions he had about SB 275A with the Cash Management Section of the State Treasurer's Office and with representatives from First Interstate Bank about the term "lockbox." He thought the term should remain in SB 275A.

347 REP. BURTON said his problem with the term "lockbox" was not that it was in SB 275A but that he wanted the definition of this term placed in law.

Questions and discussion

414 CHAIR BRIAN noted that there was no fiscal impact of SB 275A on state or local government.

416 STEVE MEYER believed there would be a fiscal impact of the amendments SB 275-A4.

420 DALE MATZO stated that there is not yet a fiscal impact in total

dollars, but there would be a 50% reduction in transaction costs. This figure may climb to 80% depending on the volume of transactions. He mentioned that the Department of Higher Education was ready to put some of these systems in operation for their remittances, and conservatively see 60,000 to 100,000 per month

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being processed through the system.

TAPE 58 SIDE B

014 Questions and discussion with DALE MATZO concerning SB 275A.

038 MOTION REP. BURTON moved to adopt the
amendments SB 275-A4 to SB 275.

NO DISCUSSION

040 ORDER There being no objection, CHAIR
BRIAN so ordered.

041 MOTION REP. BURTON moved SB 275 as
amended to the full Committee
with a do pass recommendation.

044 VOTE** The motion passed 3-0. Ayes:
REPS. BURTON, WHITTY, and CHAIR
BRIAN. Excused: REPS. JONES,
CARTER, and GIROD.**

048 The Subcommittee stood at ease.

065 CHAIR BRIAN recessed the meeting at * and reconvened at 9:35.

(*Please note that the person who recorded the minutes did not note the beginning time of the recess.)

084 MOTION** CHAIR BRIAN moved for
(see meter 44 above) unanimous consent for REP. GIROD
to vote on SB 275A as amended.

NO DISCUSSION

087 ORDER** There being no objection, CHAIR
(see meter 44 above) BRIAN so ordered. REP. GIROD
voted "aye" for SB 275 as
amended.

090 CHAIR BRIAN closed the Work Session on SB 275A.

090 CHAIR BRIAN adjourned the meeting at 9:40.

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Paula K. McBride, Committee Assistant
Kimberly Taylor Office Manager
EXHIBIT SUMMARY

1. Letter in favor of W R 45, from Linda Lynch, Council and Intergovernmental Services Director, Eugene, presented by B.J. Smith,

League of Oregon Cities.

2. Letter in favor of HJR 45, from Gerald A. Krummel, Mayor, Wilsonville, presented by B.J. Smith, League of Oregon Cities.

3. City of Canby Adding New Construction Value to Tax Base, Mike Jordan, City of Canby.

4. Testimony of Rep. Lee Beyer, District 42.

5. Letter from Bill Morrisette, Mayor, Springfield.

6. SB 275-A4, Steve Meyer, Legislative Revenue Office.

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