

Public Hearing: HB 3100  
HB 2920  
HB 2883  
HB 3322  
Tapes 64-  
65 A/B

HOUSE COMMITTEE ON  
HOUSE REVENUE AND SCHOOL  
FINANCE  
PROPERTY TAX SUBCOMMITTEE

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

Members Present: Representative Tom Brian, Chair  
Representative Mike Burton  
Representative Delna Jones  
Representative Jim Whitty

Member Excused: Representative Margaret Carter  
Representative Fred Girod

Witnesses Present: Mike Sykes, Chairman, Columbia County  
Commission; President, Association of  
Oregon Counties ~  
Bob Cantine, Associated Oregon Industries  
Genoa Ingram, Oregon Association of Realtors  
Kay Juran, Director of Governmental Affairs,  
Association of Oregon Food Industries  
Kaye Robinette, City Councilor, Eugene  
Jeff Towery, City Manager, Cottage Grove  
Randy Kuebler, City Manager, Manzanita  
Joe Gilliam, National Federation of Independent  
Business  
Phil Peach, Oregon Lodging Association  
Chris Childs, City Manager, Woodburn  
Frank Tiwani, Public Works Director, Woodburn  
Heidi Stutzman, Intergovernmental Liaison,  
Salem  
B.J. Smith, League of Oregon Cities  
Ralph Groener, American Federation of State,  
County, and Municipal Employees  
Rich Peppers, Oregon Public Employees Union  
John Van Landingham, Legal Aide Lawyer, Eugene  
Larry Hill, Oregon Gasoline Dealers Association  
Don Miner, Oregon Manufactured Housing  
Association

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

TAPE 64 SIDE A

008 CHAIR BRIAN called the meeting to order at 9:44.

010 CHAIR BRIAN conducted administrative business.

018 CHAIR BRIAN opened the Public Hearing on HB 3100, HB 2920, HB 2883, and HB 3322. He noted for the record the written testimony of PETER GRUNDFOSSEN. Exhibit 1

038 BOB CANTINE introduced himself and MIKE SYKES.

040 MIKE SYKES testified in opposition to HB 3100, HB 2920, HB 2883, and HB 332 2, based on one basic premise: that is, all four bills take away the local option to vote on issues of local concern, and he believed this wasn't good policy. Additionally, he believed the four bills represented a piecemeal approach to revenue replacement, which would not address the present significant problems. He talked about three important issues in Oregon counties, most importantly of which was the closing of federal timber land, which had represented large revenues to local districts and schools. He mentioned some ramifications of this change, referring to a handout given to members. He also spoke about the impact of Measure 5, stressing that the most important issue surrounding Measure 5 was the loss of control to local areas. He talked about specific towns in his county that were severely effected by Measure 5. He emphasized the relationship of counties to the state, specifically of the mandates imposed by the state on local areas. Local elections to increase various fees and taxes have failed in his area, and he believed the local areas should not be preempted by HB 292 0. Exhibit 2

162 BOB CANTINE urged the members to serious consider the bills that would preempt local control, which he opposed. He spoke about the background of HB 3322 and HB 3100, and about counties in Oregon that already have lodging taxes and what is done with this revenue. He urged members to take more time to explore the implications of the bills that would take away the local option to tax. He also discussed HB 2830, which he believed was too broad and sets tests

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that probably could not be met for any new local sales tax initiative. He believed the estate transfer fee should not be sunsetted early, as proposed in HB 2883, and that this particular fee should be used for housing needs in the state.

Questions and discussion interspersed with BOB CANTINE and MIKE SYKES  
372 GENOA INGRAM testified in support of HB 2883, which would sunset early the real estate transfer tax. She gave a brief history of HB 2338, passed in 1989, that set up the "Taxation and Assessment Program" and implemented the real estate transfer tax, and she explained what her organization was requesting in HB 2883. She stressed that profits are not always realized on the sale on a property, which makes this tax particularly unfair. She summarized a handout given to the members entitled "Analysis of State and Local Real Estate Transfer Taxes" done by Price Waterhouse. Exhibit 3

TAPE 65 SIDE A

002 GENOA INGRAM continued her testimony in support of HB 2883. Exhibit 3

020 GENOA INGRAM explained why her group is opposed to the real estate transfer tax. Exhibit 3

Questions and discussion

073 KAY JURAN described her organization. She testified in support of HB 2920. Her testimony was based on a handout given to the members. Exhibit 4

Questions and discussion

130 KAY JURAN continued her testimony. Exhibit 4

Questions and discussion

190 KAYE ROBINETTE testified in opposition to the bills that would take away local taxing options (HB 2920, HB 3100, and HB 3322). He talked about the process Eugene had gone through to pass a tax on restaurants, specifically the problems with the campaign and election. He thought the goal of officials, both state and local, was to help citizens understand the purposes and needs of taxation,

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and he stressed that this would not be accomplished if the local option was taken away. Exhibit 5

Questions and discussion interspersed -

337 JEFF TOWERY testified in opposition to HB 3100 and HB 3322. He spoke about how the transient occupancy tax currently benefits his town, and he gave a brief description of Cottage Grove and its economy. He stressed that the most important flaw in the two bills is that they don't recognize the difference in needs from community to community. He also discussed General Fund services in Cottage Grove, and how the transient work tax is distribution.

414 RANDY KUEBLER testified in opposition to HB 3100 and HB 3322. He spoke briefly about the recent growth of his community and of its attraction to tourists. He stressed that the revenue from the current transient occupancy tax was vital to his community, and he gave data on this subject.

TAPE 64 SIDE

B

024 RANDY KUEBLER continued his testimony. He said his community did not want to encourage more tourism, and but he talked about "a truce" that had been established between residents and visitors to Manzanita. He described how revenue from the transient room tax was spent in Manzanita, including support for police and other emergency services. He talked about the uniqueness of his area for tourists that compliments other tourism areas, and the funding the community does for the short-term rental activity of tourists. He urged members to take seriously the needs of the smaller communities in Oregon.

Questions and discussion

096 JOE GILLIAM testified in support of HB 2920. He recognized that the state was going to need new revenue, but he stressed the need and importance of including small businesses in the process of determining state budgets and local taxes. He said small businesses definitely mistrust the budget process and how government was spending money in the State. He believed that passage of HB 2920 would increase the trust level of small

businesses for the government process.  
Questions and discussion interspersed

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168 JOE GILLIAM stressed that local sales taxes should be implemented on all businesses, if at all, and not merely on selected-businesses.

Questions and discussion

203 PHIL PEACH testified in favor of HB 2920 and also HB 3100. He thought the lodging tax was too conveniently used by government, and was unfair, specifically because those who pay the tax did not have influence on how high the tax was or how it was spent. Although there was not an official sales tax in Oregon, the lodging industry already pays this type of tax. He discussed revenue data collected in counties from the lodging tax, most of which, he believed, was no longer spent on promoting tourism(the original goal of the tax), and gave information about the lodging tax in other states. He stressed that the local lodging tax rate was essential in encouraging tourism and, specifically, group conventions to come to Oregon.

Exhibit 6

277 PHIL PEACH mentioned a summary of a study done by Purdue University, which documented a loss of business correlating to the level of local lodging tax. He quoted information from newspaper and magazine articles that supported this argument. Exhibit 7

344 PHIL PEACH suggested an amendment to HB 3100, related to the effective date of the act: He asked that this date be changed from January 1, 1993 to December 31, 1992. He also wanted language changed about the tax being used for "tourism purposes" which he believed was too general. He summarized by reiterating that limiting this local option would encourage economic activity in various parts of Oregon.

Questions and discussion

384 JOE GILLIAM cited various Oregon associations that support the passage of HB 2920 and his position.

Questions and discussion interspersed

TAPE 65 SIDE B

002 Questions and discussion continued with PHIL PEACH, related to his concern that the term "tourism" signifies that the lodging tax can be used for purposes not related to tourists.

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029 CHRIS CHILDS testified in opposition to HB 2920, HB 3100, and HB 3323. He spoke about the extremely limited tax base in his community and the

impact of Measure 5, which has put Woodburn under compression. He spoke about community support for a recent local tax elections (a gas tax), and about their local lodging tax. He mentioned what revenue each of these taxes raises. In relation to the definition of tourism, he believed safety and transportation were definitely a part of that definition. He was opposed of the preemption of local authority in any manner.

Questions and discussion

141 FRANK TIWANI talked about his service in Woodburn and the importance of his community having a choice about what happens on the local level, specifically as related to the implementation of taxes.

170 HEIDI STUTZMAN testified in opposition to HB 2920, and was philosophically opposed to all four bills before the Subcommittee because they take away the local option. She spoke specifically about HB 2920 and its potential impact in Salem. Salem has written into its charter that 100% of the transient lodging tax would be dedicated to tourism, and she mentioned plans for a local convention center with a hotel, which would be supported by an increase in the lodging tax on the local area.

223 B.J. SMITH provided members with a letter from Lincoln City that supported the opposition to the local preemption bills before the Committee. She briefly discussed the situation in the City of Roseburg related to the effects of Measure 5. She opposed all four of the "preemption" bills before the Subcommittee. Exhibit 8

247 RALPH GROENER related that his members belong to local organizations more than to state ones, which was why he supported the position of the cities and counties who opposed the "preemption" bills.

259 RICH PEPPERS testified in opposition to the "preemption" bills before the Subcommittee. He will submit written testimony later to the Subcommittee to that effect.

266 JOHN VAN LANDINGHAM testified as "an affordable housing advocate" against HB 2883, unless it was amended to include "a funding mechanism for affordable housing." He did support HB 3122, which was connected to HB 288 3, and he explained that HB 3122 created a state-wide real estate transfer tax dedicated to low

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income housing and the Housing Trust Fund. He provided written testimony to the Subcommittee. Exhibit 10

318 LARRY HILL testified in support of HB 2920, which would prevent local government from adopting local taxes, specifically local gas taxes. He talked about his organization, its activities, and how local taxes impact businesses. He stressed that HB 2920 was unfair and caused competitive disadvantages to businesses. He mentioned other circumstances and proposed taxes that would increase the gas tax, and HB 2920 would prevent local governments from added to that burden further. He proposed a "unified, statewide tax" to fund highway needs in Oregon.

407 DON MINER testified in support of HB 2883 and of the previous testimony of the representative of the Association of Realtors. He believed that almost all sales tax proposals there has been an exemption for residential housing, yet without HB 2883 local governments could impose what he saw as a sales tax (the transfer tax) on single family homes, making it more

difficult for families to buy their own homes.

444 CHAIR BRIAN closed the Public Hearing on HB 3130, HB 2920, HB 2883, and HB 3322.

449 CHAIR BRIAN adjourned the meeting at 11:34.

Paula K.McBride, Committee  
Assistant

Kimberly Taylor, Office  
Manager

EXHIBIT SUMMARY

1. Testimony (submitted) from Peter Grundfossen, on HB 2883, Association of Oregon Housing Authorities.
2. County Concerns Regarding State Tax Policy, Mike Sykes, Association of Oregon Counties.
3. Testimony of Genoa Ingram, in Support of HB 2883, Oregon Association of Realtors.
4. Testimony Supporting HB 2920, Kay Juran, Association of Oregon Food Industries.

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EXHIBIT SUMMARY (continued)

5. Eugene Decisions, Kay Robinette, City of Eugene.
6. Oregon Room Tax Receipts, Rates and Program Allocations By County and Jurisdiction, FY 1990/91 and 1991/92 (Data Supplied by the Oregon Tourism Division), Phil Peach, Oregon Lodging Association.
7. Impacts of Room Taxes on the Lodging Industry, by Stephen J. Jiemstra and Joseph A. Ismail, presented by Phil Peach, Oregon Lodging Association.
8. Letter from Joan M. Chambers, City Attorney, Lincoln. submitted by B.J. Smith, League of Oregon Cities.
9. Testimony of John Van Landingham, Legal Aid, Eugene.

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