

Work Session: SB 14A
SB 277
HB 2770
Tapes 68-
69 A/B

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL FINANCE
PROPERTY TAX SUBCOMMITTEE

APRIL 7, 1993 8:00 AN 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: B.J. Smith, League of
Oregon Cities
Jeannette Launner, President, Association of
Oregon Redevelopment Agencies
Jim Manary, Department of Revenue
Staff: James Scherzinger, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
- Paula McBride, Committee Assistant

TAPE 68 SIDE A

006 CHAIR BRIAN called the meeting to order at 8:12.
010 CHAIR BRIAN opened the Work Session on SB -14A.
012 JIM SCHERZINGER related that SB 14 was an adjustment to Measure 5, with one remaining issue -- urban renewal. He discussed a working group that discussed potential changes to implement SJR10, and their conclusion was outlined on a handout given to members. The working group was also responding in part to the discussion on SB 357 as it left the full Committee the first time; that is, there needed to be some limitation on the ability for creating taxes to pay new debt outside the limits of Measure 5. He discussed the amendments SB 14-A12, which the working group requested, that would require the vote to put taxes outside the Measure 5 limit be on a plan-by-plan basis and that the voters have some informatiott about the plan. Also, both a time line and a date for each plan was requested. The SB 14-A12 amendments are

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effective only if the members want to impose taxes outside the limits of Measure 5. Exhibit 1

Questions and discussion

073 STEVE MEYER related that the amendments SB 14-A9 previously were adopted by the Subcommittee; however, they will be replaced by the amendments SB 14-All. He explained this substitution and how SB 14-All fit

into SB 14A. Exhibit 3

099 STEVE MEYER explained WHY the amendments SB 14-A10 (not passed by Subcommittee) would also be replaced by SB 14-All. Exhibit 4

112 MOTION REP. GIROD moved to adopt
SB 14-All to SB 14A.

NO DISCUSSION

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

122 JIM SCHERZINGER continued his explanation of urban renewal as relates to SB 14A, referring to his handout. The amendments SB 14A12 stipulate that both a debt limit and a date limit have to be established for any urban renewal plan, and that the voters have to authorize the bonded indebtedness to be incurred within that debt and date limit at a separate election.

Questions and discussion

135 JIM SCHERZINGER related that if new limits are set on the original plan and additional taxes have to be imposed to support the new limits, then a new election has to be held to authorize the bonded indebtedness. If the election failed, any additional bonds issued beyond the original limitations would have to be within the limits of Measure 5. He discussed the proposed regulations on the ballot title in the amendments SB 14-A12 and changes in procedure of notification if voters approve bonded indebtedness outside the limits of Measure 5. Exhibits 1 and 2

174 JIM SCHERZINGER related that the amendments SB 14-A12 may need some fine tuning in regard to language.

Questions and discussion

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200 JIM SCHERZINGER explained the amendments SB 14-A12, beginning with Section 82, a new section in the law. Exhibit 2

227 JIM SCHERZINGER discussed subsection 2 of Section 1, SB 14A12.

239 JIM SCHERZINGER related that Section 83 related to having the date and the debt limit on a ballot. Exhibit 2

250 JIM SCHERZINGER explained changed language on page 6 of SB 14A12, which requires a separate notice of significant urban renewal plan amendment when the date or debt limit. Exhibit 2

261 JIM SCHERZINGER related that on page 8, related to the repayment of debt from taxes outside the Measure 5 limit and requiring both the date and debt limit.

267 JIM SCHERZINGER said language dealing with amendments or changes on page 9, SB 14 A-12 related to requiring new elections for bonded indebtedness.

279 JIM SCHERZINGER said language on page 9 would make these amendments and the bill relevant only if SJR10 was passed by the voters.

Questions and
discussion

356 B.J. SMITH said that she had been able to review the amendments SB 14-A12, but she hasn't been able to get in touch with other urban renewal agencies to get their reaction.

367 JEANNETTE LAUNNER believed the amendments SB 14-A12, related to urban

renewal, were not necessary to make SJR10 work, and she explained this position. She thought that disclosure for election on bonded indebtedness outside the limit of Measure 5 would already occur.

Questions and
discussion

408 JEANNETTE LAUNNER related that it was not yet clear what kind of a ballot measure local governments might put on the ballot for new bonded indebtedness outside the Measure 5 limit in order to satisfy their local voters. She was also concerned that the amendments to SB 14A would preclude local government from asking for a general amount of bond limit for more than one urban renewal plan.

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TAPE 69 SIDE A

002 JEANNETTE LAUNNER continued her testimony opposing the amendments SB 14-A12.

Questions and
discussion

023 JEANNETTE LAUNNER stressed that elections weren't needed; but what was needed was an informed public process which revealed the nature of urban renewal plans to people in the community. She believed it was extremely difficult to predict the exact amount of debt that would be incurred in any project, given a variety of circumstances. She gave a brief history of this issue as it was discussed by the House Revenue and School Finance Committee during the 1991 Legislative Session.

083 JEANNETTE LAUNNER believed that the relevant issue for the voters should be if urban renewal bonded indebtedness be paid for outside the Measure 5 limit, not an inaccurate guess as to what a plan might cost or when it might be completed. Additionally, voters should be informed of how much is already outside the limit for urban renewal projects.

Questions and
discussion

125 JEANNETTE LAUNNER discussed the requirements of present disclosure statutes in Oregon that must be given to voters regarding bonded indebtedness for renewal projects.

Questions and
discussion

166 JEANNETTE LAUNNER mentioned different approaches for informing voters about indebtedness for urban renewal projects.

Questions and
discussion

198 JEANNETTE LAUNNER stressed that the members should continue to respect local control, which would be accomplished by refusing to adopt the amendments SB 14-A12.

Questions and
discussion

275 JEANNETTE LAUNNER described the differences between current law and the amendments SB 14-A12.

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words. For complete context of proceedings, please refer to the tape recording.

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Questions and discussion

320 CHAIR BRIAN believed was the intent of the House Revenue Committee, when they passed SJR10, that there should be some limitations on debt and length imposed on urban renewal projects. However, SJR10, as currently written, had no limits to time or amount on any plan (this based based on a legal opinion from Legislative Counsel). He stressed that members wanted parameters to SJR10. He talked about what information he would want about bonded indebtedness as a citizen of his community.

Questions and discussion

TAPE 68 SIDE B

004 Discussion continued about how the members wanted to proceed with issues surrounding urban renewal projects contained in the amendments SB 14-A12.

049 CHAIR BRIAN wanted to give the amendments SB 14-A12 more time to be circulated and commented upon by other interested parties before a decision was made on them.

Discussion

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066 CHAIR BRIAN believed it was the consensus of the Subcommittee that there be both a debt limit and a time limit added to SB 14A.

075 B.J. SMITH expressed concern about having both a debt limit and a time limit in SB 14A. She believed the present urban renewal statutes were sufficient if conveyed, and she asked members not to add more urban renewal project requirements.

Discussion

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102 JIM SCHERZINGER recapped the outstanding issues remaining for SB 14A, as follows: (1) do the members want both a date and time limit, and (2) should there be an election on a project-by-project basis.

Discussion

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140 JIM SCHERZINGER explained the ramifications of the terminology "projects" already contained in SJR10 (passed by the Full Committee).

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160 ? REP. BURTON raised the issue of limiting the rate instead of the debt. Discussion

307 B.J. SMITH spoke about the differences between financing urban renewal projects and other types of public bond projects.

325 JEANNETTE LAUNNER clarified that the nature of urban renewal projects

and improvement plans. She suggested that it would be helpful for the members to look at the kinds of questions they would want to ask the voters, how the phrase the questions, and what they believed the voters would understand. She thought specific examples would be helpful.

Discussion

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375 JEANNETTE LAUNNER explained why it is impractical, if not impossible, to go back to the voters for each project within an urban renewal plan. She believed that abuses of the present urban renewal system were few and mostly in the past, and that the proposed constraints were unnecessary.

TAPE 69 SIDE B

003 CHAIR BRIAN explained how the Subcommittee might proceed.

010 CHAIR BRIAN closed the Work Session on SB 14A

011 CHAIR BRIAN opened the Work Session on SB 277A.

016 STEVE MEYER related that SB 277A dealt with intangibles in the property tax system and with third-party subpoenas; however, the amendments SB 277-A3 eliminated the third-party subpoenas from SB 277A, as requested by the members. The issue of intangibles was left in SB 277A. Exhibit 5

060 JIM MANARY discussed a task force's deliberations of the issue of whether or not intangibles should be taxed, but there was not agreement. SB 277 A does not prohibit the taxation of real or tangible personal property value due to the effects of intangibles. Therefore, while intangibles cannot be taxed, their effect on tangibles can be taxed.

Questions and discussion

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076 JIM MANARY gave examples of items that can effect the value of a taxable property.

Questions and discussion

143 JIM MANARY believed that controversial issues from the taxation of the effects of intangibles on property value was best left to the courts. He thought the appraisers, through their analysis, should be able to have the authority to place value on property.

Questions and discussion

158 JIM MANARY gave an example of an industrial intangible, specifically, a patent.

Questions and discussion interspersed

208 JIM MANARY relayed that the intangible issue in SB 277A was more of a clarification of what exists in current law, which he explained. The agreement with the task force was that intangibles cannot be taxed; however, the disagreement centered on whether or not intangibles should have influence on real value.

Discussion

254 MOTION REP. BURTON moved adoption of amendments SB 277-A3 to SB 277A.

DISCUSSION

282 VOTE The motion failed 3-2. Nays:
REPS. GIROD, WHITTY, and CHAIR
BRIAN. Ayes: REPS. CARTER and
BURTON.

287 REP. GIROD explained his vote.

291 REP. WHITTY explained his vote.

Discussion

313 MOTION REP. WHITTY moved SB 277A to the full Committee with a dopass recommendation.

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NO DISCUSSION

315 VOTE The motion passed 3-2. Ayes:
REPS. WHITTY, GIROD, and CHAIR
BRIAN. Nays: REPS. CARTER and
BURTON.

335 CHAIR BRIAN closed the Work Session on SB 277A.

336 CHAIR BRIAN adjourned the meeting at 9:59.

Paula K. McBride, Committee

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Amendments to SB 14, Jim Scherzinger, Legislative Revenue Office.
2. SB 14-A12, Jim Scherzinger, Legislative Revenue Office.
3. SB 14-A11, Steve Meyer, Legislative Revenue Office.
4. SB 14-A10, Steve Meyer, Legislative Revenue Office.
5. SB 277-A3, Steve Meyer, Legislative Revenue Office.

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