

Income Subcommittee Report
Property Tax Subcommittee
Report
Small Business Subcommittee
Report
Work Session: SB 14A
HB 2922
SB 277A
Tapes 68-69 A/B
70 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

APRIL 19, 1993 8:30 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Representative Delna Jones, Chair
Representative John Schoon, Vice Chair
Representative Ron Adams
Representative Tom Brian
Representative Mike Burton
Representative Margaret Carter
Representative Tony Federici
Representative Fred Girod
Representative Gail Shibley
Representative Greg Walden
Members Excused: Representative Jim
Whitty

Witnesses Present: Jim Manary, Department
of Revenue

Staff: James Scherzinger, Legislative Revenue
Officer

Steve Bender, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 68 SIDE A

006 CHAIR JONES called the meeting to order at 8:55 and conducted
administrative business.

024 CHAIR JONES opened the Work Session on SB 14A.

025 STEVE MEYER explained SB 14A, which corrected oversights from HB 2550
from the 1991 Legislative Session, and he described some of these
oversights. Most of the suggested solutions came from the Department of
Revenue (DOR).

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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078 STEVE MEYER said there was also new material in SB 14A. The first of
this related to the appraisal of industrial property by the DOR. Most of
the changes would apply to the 1993-94 tax year, and the rest of the

changes related to urban renewal.

Discussion

112 JIM SCHERZINGER explained the unresolved issue in SB 14A on urban renewal related to SJR_1D, which would allow local districts to hold elections on indebtedness for urban renewal outside the Measure 5 limit. He referred to the "Revenue Analysis of Proposed Legislation" which delineated the language in the amendments SB 14A15, and he described how the language fit into the amendments. Exhibits 1 and 2

163 JIM SCHERZINGER mentioned some changes that would have to be made to the amendments SB 14-A15, and he explained why these should be made.

Questions and discussion

198 JIM SCHERZINGER said the ballot measure was described in subsection 2, which related to "new debt" and the language options that could be used in elections for bonded debt outside the Measure 5 limit. Exhibit 2

Questions and discussion

230 JIM SCHERZINGER explained the differences between language on ballots between locally-held elections for bonded indebtedness inside the limit and what SB 14A would require for indebtedness outside the limit.

293 REP. BRIAN related information the Subcommittee on Property Taxation had learned and discussed concerning the ballot language that will be required for bonded indebtedness outside the limit if SB 14A passed.

316 REP. GIROD expressed three reasons why he disapproved of SB 14A, and he explained each of these issues. While he supported urban renewal, he was against using inaccurate or inappropriate language on ballot measures.

Discussion

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357 JIM SCHERZINGER further explained the amendments SB 14-A15, beginning with line 22 on page 5, which related to election dates, ballot title statements (including date, debt, or rate limit) within the bounds of current law. All this subsection applied to new debt.

Discussion

421 JIM SCHERZINGER discussed subsection 3, line 29 of page 5, of the amendments SB 14-A15, which applied to existing debt.

TAPE 69 SIDE A

003 JIM SCHERZINGER continued his explanation of subsection 3 of SB 14-A15.

Questions and discussion

020 JIM SCHERZINGER explained the differences between "normal" ballot title requirements and those for new debt outside the limits of Measure 5.

Questions and discussion

080 JIM SCHERZINGER discussed Sections 83 and 84 of the amendments SB 14-A15.

Questions and discussion centering on concerns members still had with SB 14-A15.

120 JIM SCHERZINGER described current statutes related to bonded indebtedness for urban renewal. He reiterated the differences between existing law and what is proposed in SB 14-A15.

Questions and discussion

146 REP. BRIAN further explained SB 14A, as changed by the amendments proposed.

170 Members discussed the merits of SB 14-A15, and issues with specific

language.

215 REP. BRIAN explained the issue related to the withdrawal of one petitioner from a petition.

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251 MOTION REP. BRIAN moved the amendments
SB 14-A15 to SB 14A, with
additional language, as follow:
On page 5, line 6, after the
word area, insert the words

"of

the agency."

DISCUSSION

275 VOTEThe motion passed 9-1. Ayes:
REPS. WALDEN, ADAMS, BRIAN,
BURTON, CARTER, FEDERICI,
SCHOON, and CHAIR JONES. Nays:
REP. GIROD. Absent: REP.
WHITTY.

285 MOTION REP. BRIAN moved SB 14A as
amended to the House Floor with
a do-pass recommendation.

DISCUSSION

305 STEVE MEYER explained the revenue analysis for SB 14A.

325 VOTEThe motion passed 9-1: Ayes:
REPS. ADAMS, BRIAN, BURTON,
CARTER, FEDERICI, SHIBLEY,
WALDEN, SCHOON, and CHAIR
JONES. Nays: REP. GIROD.
Absent: REP. WHITTY.

338 CHAIR JONES closed the Work Session on SB 14A.

339 CHAIR JONES opened the Work Session on HB 2922.

334 STEVE MEYER said HB 2922 dealt with a property tax exemption for low-income housing, specifically with three different programs that effect low-income housing. He explained how HB 2922 would impact each of these three housing programs in Oregon.

TAPE 68 SIDE

B

002 STEVE MEYER continued his explanation of HB 2922, which basically expands the exemption programs for low-income housing.

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020 MOTION REP. BRIAN moved the amendments

HB 2922-1 to HB 2922.

023 REP. BRIAN related that the amendments HB 2922-1 "tightened the language" of the bill, and he explained how this was accomplished. Exhibit 3

045 ORDER CHAIR There being no objection,

JONES so ordered.

046 MOTION REP. BRIAN moved HB 2922 as amended to the House Floor with a do-pass recommendation.

DISCUSSION

055 REP. GIROD called the members attention to page 2, line 27-29, which changed the definition of qualifications for "low-income" and raises the percentage of the median average income for low-income family groups. He believed these changes moved the programs away from helping the poor, to which he objected. Additionally, he thought the terms "non-profit" and "low-income" because skewed with SB 14A, and he gave an example of this involving the "unit" costs for some of the low-income projects. He believed this evidence supported his fear that the term "low-income" was becoming too broad.

075 REP. BRIAN commented on the issue of redefinition of the median income for a family of four, delineating the benefits of raising the median income level. He also addressed the issue of the cost of units, explaining the extenuating costs to build the units and relating that the units are large units.

Questions and discussion

127 VOTE The motion passed 7-2. Ayes: REPS. CARTER, FEDERICI,

WALDEN,

ADAMS, BRIAN, BURTON, and

CHAIR

JONES. Nays: REP. GIROD and SCHOON. Absent: REPS.

SHIBLEY

and WHITTY.

137 CHAIR JONES closed the Work Session on HB 2922.

138 CHAIR JONES opened the Work Session on SB 277A.

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139 STEVE MEYER explained SB 277A, which had two different parts. The first dealt with intangible personal property, and the second with subpoenas. He explained the issues centering on intangible personal property.

168 STEVE MEYER explained the second part of SB 277, relating to third-party subpoenas. The amendments to SB 277, SB 277-A3, state that third parties cannot be subpoenaed about their industrial property to help in the appraisal of a different industrial property. Exhibit 7

177 MOTION REP. BRIAN moved the amendments SB 277-A3 to SB 277A.

DISCUSSION

N

195 CHAIR JONES gave a brief history of the issues surrounding third-party subpoenas and how they were addressed by an Interim Working Group.

241 REP. BRIAN stressed that this was a contentious area and that the amendments create a policy choice; namely, the state should not be able to subpoena information from third parties. Property tax judgments could be made in normal ways on all the other information available.

Questions and discussion

260 JIM MANARY believed that Section 1 of SB 277-A3, did not change current law, which allows government to assess and tax tangible personal property and real property, but not intangible property. He explained the language in the bill that delineated types of intangible personal property.

Questions and discussion

335 MOTION REP. BRIAN moved SB 277A as amended to the House Floor

with

a do-pass recommendation.

DISCUSSION

351 VOTE The motion passed 9-0.

Ayes:

REPS. FEDERICI, GIROD,

WALDEN,

ADAMS, BRIAN, BURTON,

CARTER,

SCHOON, and CHAIR JONES.

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Absent: REPS. SHIBLEY and WHITTY.

367 CHAIR JONES conducted administrative business.

373 CHAIR JONES recessed the meeting at 10:16 and reconvened at 10:44.

376 CHAIR JONES talked about the purposes of Chairs of the subcommittees giving reports to the full Committee.

415 REP. SCHOON gave a report of the five timber bills passed out of the Income Tax Subcommittee, two of which dealt with the Forest Products Harvest Tax. He talked about the intent of the bills and how the subcommittee changed them.

TAPE 69 SIDE B

005 REP. SCHOON continued providing information to the members about the timber bills that had been heard and passed out of his subcommittee.

Questions and discussion

019 REP. SCHOON talked about HB 2240 and the changes the Income Tax Subcommittee made with it.

Questions and discussion

029 REP. SCHOON discussed HB 2057, from the DOR, on land values from timber

or log sales; specifically, HB 2057 would decide who was the taxpayer. He mentioned changes in the bill.

049 REP. SCHOON explained HB 2438 centered on an issue that must be dealt with during the current Legislative Session: that is, the phase down in the severance tax rates would sunset, and some rate must be reestablished if the tax was to be continued. He explained other provisions of HB 2430.

109 REP. SCHOON talked about the revenue impact of HB 2438.

Questions and
discussion

144 REP. SCHOON related that he did not check with the Attorney General to discover if the language in HB 2438 was consistent with

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statute, but the subcommittee did insert a provision specifically dealing with the legality of HB 2438. He explained this provision.

184 REP. SCHOON said the other issue for the Income Tax Subcommittee was tax credits, and he referred to a handout given to the members. He explained the different kinds of credits delineated on that handout and proposed legislative action. Exhibit 9

Discussion

230 REP. SCHOON thanked the members of his subcommittee for their hard work.

241 REP. BRIAN related that the Property Tax Subcommittee had discussed exemptions but had not yet grouped them. He explained the diversity of the exemptions and the review that has been done on them. He said there was general agreement that each should have a sunset date and be set onto a cycle for that purpose.

277 REP. BRIAN related that the Property Tax Subcommittee will deliberate the transportation issues again, and he delineated the process that might be followed in consideration of the bills in the Transportation Plan (HB 241 5-HB 2428).

Discussion

308 CHAIR JONES discussed her point of view of the Transportation Plan bills, stating she didn't know how much could be supported but that it was important for the Committee to consider these bills.

323 REP. BRIAN said there would be a couple of more housing issues before the Property Tax Subcommittee, and questions about the Amusement Device Tax. He mentioned issues surrounding the bill that would eliminate the Amusement Device Tax on various machines for which there had been a Public Hearing, one of which might be to transfer the tax to video poker machines. He gave reasons for this.

Discussion of the impact of video poker on amusement devices

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002 Discussion continued surrounding the bills on the Amusement Device Tax and possible changes in that tax relating to the impact

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of video poker on the economy.

057 REP. WALDEN described the issues before the Small Business Subcommittee, beginning with HB 2447, dealing with health insurance for self-employed individuals. Another issue would allow for the rollover of capital gains if it is invested in an Oregon business in which the taxpayer is a participating partner. The Research and Development Tax Credit has been looked at, as had the "throwback rule," which he explained. Another bill dealt with a \$3000 exemption in tax on personal property, which would impact local governments only minimally but would save small business owners time.

Discussion

116 CHAIR JONES conducted administrative business.

130 CHAIR JONES adjourned the meeting at 11:22.

Paula K. McBride, Committee

Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. SB 14-A15, Jim Scherzinger, Legislative Revenue Office.
2. Revenue Analysis of Proposed Legislation, SB 14A, Jim Scherzinger, Legislative Revenue Office.
3. HB 2922--1, Rep. Tom Brian, District 9.
4. Staff Measure Summary, Steve Meyer, Legislative Revenue Office.
5. Revenue Analysis of Proposed Legislation, HB 2922-1, Steve Meyer, Legislative Revenue Office.
6. Fiscal Analysis of Proposed Legislation, Roz Shirack, Legislative Fiscal Office.
7. SB 277-A3, Steve Meyer, Legislative Revenue Office.
8. Staff Measure Summary, SB 277A-3, Steve Meyer, Legislative Revenue Office.
9. Revenue Analysis of Proposed Legislation, SB 277A-3, Steve Meyer, Legislative Revenue Office.
10. Tax Credits Review: Income Tax Subcommittee, Rep. John Schoon, District 34.

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