

Public Hearing & Work Session: HB 2017
Tapes 74 A/B
75 A
HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
MAY 6, 1993 9:00 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
Representative Jim Whitty

Witnesses Present: Representative Margaret Carter, District 18
Gretchen Kafoury, City Council, Portland
Linda Meng, Chief Deputy City Attorney,
Portland

Guy Alvis, Director, Portland Community Reinvestment Initiatives
Fred Neal, Intergovernmental Relations Officer, Multnomah County
Cecille Pitt, Manager, Community Development, Multnomah County
Frank McNamara, Portland Public Schools
Marge Kafoury, Director of Government
Relations, City of Portland

Staff: James Scherzinger, Legislative

Revenue Officer

Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 74 SIDE A

006 CHAIR JONES called the meeting to order at 10:52.
010 CHAIR JONES opened the Public Hearing on HB 2017.
014 STEVE MEYER explained that HB 2017 would allow a county to cancel
certain property taxes, interest, and penalties that became

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recording.

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due on property between 1/1/85 and 6/30/92. It would be limited to housing
with delinquent taxes that was acquired by a non-profit corporation from a
bankruptcy trustee. In addition, the non-profit corporation would either
have to rent the property to low-income individuals or assume a trust deed
for certain property being purchased by the current occupants of the
property. HB 2017 had a sunset of 12/31/94.

034 REP. CARTER related that she had worked with the Attorney General's
Office on the issue that precipitated HB 2017, which would allow county
governments to cancel unpaid property taxes, interests, and penalties in a
highly selective case known as the "Dominion Project," which she described.
059 REP. SHIBLEY announced that the representative replacement for REP.
BEVERLY STEIN, District 14: GEORGE EIGHMEY.

087 GRETCHEN KAFOURY talked about the "Dominion Project" in Portland, and she referred to a handout comprised of newspaper articles about this situation. She also discussed how back property taxes had been forgiven in the past, and she talked about a specific circumstance that led to this precedent.

134 LINDA MENG discussed her experiences with the Dominion Project" and with the non-profit corporation, Portland Community Reinvestment Initiative (PCRI), that was formed to prevent properties from being foreclosed and perhaps abandoned. She related that Oregon statutes give very limited authority to counties to cancel taxes, and she discussed the precedent mentioned above by GRETCHEN KAFOURY. She believed another statutory amendment was needed for this particular case. Exhibit 2

160 LINDA MENG explained Section 1 of HB 3071, which restricts the exemption to low income housing and nonprofit corporation.

163 LINDA MENG said both Sections 2 and 3 related to "findings," or different types of property involved in HB 2017.

170 LINDA MENG stated that Section 4 specified the conditions under which the county may cancel the taxes, and these are specific and narrowly focused. Counties would not be required to cancel taxes but "may" cancel taxes.

176 LINDA MENG related that Section 5 limited HB 3017 to a specific time frame, which also narrowly focuses the bill.

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Questions and discussion

184 GUY ALVIS talked about PCRI, specifically its purpose. He read a letter from a member of his Board in support of HB 2017 and which delineated why the legislation was needed. He believed HB 2071 was necessary in the process of accomplishing the goals of PCRI. He also encouraged members and the entire Legislature to do whatever possible to prohibit groups like Dominion from activities in the state. Exhibit 3

Questions and discussion

254 CHAIR JONES clarified the issues surrounding HB 2017, which centered on forgiving taxes that had already occurred (taxes incurred but not by the Dominion Capital company).

Questions and discussion

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317 REP. CARTER related that the amount involved with HB 2017 was approximately \$1.1 million (for the unpaid delinquent taxes).

Questions and discussion

TAPE 75 SIDE A

002 Questions and discussion continued with GUY ALVIS, GRETCHEN KAFOURY, and LINDA MENG concerning the provisions in HB 2017.

012 FRED NEAL supported HB 2017, and related Multnomah County was a co-requestor with the City of Portland for this bill. He did suggest some nominal amendments to the bill, HB 2017-1. He also stressed that he would seriously review the effect of forgiving the back property taxes, if HB 2017 passed, on local taxing districts. He discussed his proposed

amendments which would require that cancellation of any back taxes does not occur until the county has had time to notify effected taxing districts.

Exhibit 4

Questions and discussion

061 FRED NEAL discussed why counties were not at liberty to forgive property taxes on their own. He talked about the "trustee responsibility to the taxing district," that is, the county was charged with assess, levy, and collect ad valorem taxes. Previously legislative assemblies have granted various counties the ability to forgive back taxes on a case-by-case basis, but only in

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very limited ways not applicable to all situations that might arise.

Questions and discussion

081 CECILLE PITT talked about 1991 legislation that allowed Multnomah County to donate foreclosed properties to nonprofits (both private and public) whose intention was to use the property for "public good" (e.g., affordable housing, child care). She explored why that legislation did not automatically apply to the PCRI properties about which HB 2017 related.

Questions and discussion

137 FRED NEAL related that the City of Portland already had the authority to cancel liens on property, which it had done with the PCRI properties.

154 FRANK MCNAMARA related that the school districts in Portland support HB 2017, as amended by HB 2017-1. Exhibit 4

164 CHAIR JONES closed the Public Hearing on HB 2017 and conducted administrative business.

174 CHAIR JONES opened the Work Session on HB 2017 and conducted administrative business.

185 STEVE MEYER believed that Sections 2 and 3 were "intent in nature" and probably not necessary. He believed they could be deleted.

193 MARGE KAFOURY related that Sections 2 and 3 were inserted by Legislative Counsel and did not come from her organization. She did not object to their deletion.

Questions and discussion

215 CHAIR JONES suggested amendments to HB 2017, as follows: Delete lines 12-29 on Page 1, and lines 1-9 on Page 2 (thereby eliminating Sections 1 and 2); insert the amendments HB 2017-1. Exhibit 4

Questions and discussion

218 CHAIR JONES explained how the amendments HB 2017-1 would be adopted to HB 2017. Exhibit 4

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245 CHAIR JONES recessed the meeting at 11:41.

*PLEASE NOTE: THE REST OF TAPE 75, SIDE A, DOES NOT CONTAIN THE REST OF THE HEARING. LOOK TO TAPE 74, SIDE B FOR THIS INFORMATION.

TAPE 74 SIDE B

002 CHAIR JONES reconvened the meeting at 11:46, and she conducted administrative business. She announced that staff will have Legislative Counsel draft the following amendments to HB 2017: Delete Sections 1 and 2; language inserted after the word "request" on Page 2, line 11, "by a non-profit corporation providing housing to low-income individuals." Other changes will be included to ensure that HB 2017 complied with both relevant state and Federal statutes.

Questions and discussion

027 CHAIR JONES closed the Work Session on HB 2017 and conducted administrative business.

042 JIM SCHERZINGER discussed the schedule for the week of May 10 with the members.

077 CHAIR JONES related that the full Committee had not seen the changes in the school formula bill (HB 2437), and she invited members to look at the new figures and also to attend the Democratic caucus where a presentation on the new figures will be made. She related that the issue of the school formula had not yet been resolved between the House and Senate.

Questions and discussion

108 CHAIR JONES adjourned the meeting at 11:55.

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

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EXHIBIT SUMMARY

1. HB 2017, copies of newspaper articles concerning the "Dominion Project" in Portland, Gretchen Kafoury, City of Portland.
2. Testimony of Linda Meng, on HB 2017.
3. Letter to Chair Jones, from Jeana Woolley, Chair, Board of Directors, Portland Community Reinvestment Initiatives, Inc., presented by Guy Alvis, Director of PCRI.
4. HB 2017-1, Fred Neal, Multnomah County.

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