

ORIENTATION
Tapes 007-08 A/B
SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
-

JANUARY 21, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Tricia Smith, Acting Chair Senator Brady Adams
Senator Ron Cease (departure 3:00) Senator Rod Johnson (absent 2:15-3:00)
Senator Peg Jolin Senator Paul Phillips (arrival 1:10, absent 1:15-i:40,
departure 2:25)

Members Excused: Senator Shirley Gold, Chair

Staff: James Scherainger, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Jennifer Belkle, Committee Assistant

TAPE 7 SIDE A

001 CHAIR SMITH called the meeting to order at 1:07 p.m.

011 STEVE MEYER began testimony regarding the District Budget Process and property taxes. Exhibit 1. He explained that this is a state statute controlled budget, and local governments have very little control.

055 STEVE MEYER briefly outlined the budget procedure for the districts and stated that Measure 5 has not changed this procedure.

090 SEN. CEASE inquired about the levy process and districts' expectations.

095 STEVE MEYER concurred that the emphasis is on what the districts can reasonably expect to collect, not what it actually needs.

110 STEVE MEYER went over district levy authority.

Question and discussion.

240 STEVE MEYER began testimony regarding tax calculation. He explained that within code areas, all districts are totaled together. Tax compression occurs when the taxes calculated for a code area exceed the limits set by Measure 5. Measure 5 then requires that each district have its taxes reduced by the same percentage.

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375 SEN. CEASE raised the equal taxation issue. He inquired how it can be equitable to have two different tax rates for the same property. He asked whether or not this statute has been tested in court.

380 STEVE MEYER informed the committee that the Attorney General's office has deemed the procedure legal. Since Measure 5 passed after the uniformity provision, it has been accepted that Measure S would take precedence.
Questions and discussion.

TAPE 8 SIDE A

013 STEVE MEYER continued his testimony regarding compression under Measure 5.

Discussion.

043 SEN. JOLIN raised the question of Proposition 13 and its' constitutionality.

055 STEVE MEYER went over a chart that summarizes the Property Tax Limitation for 1991-92. He pointed out that overall Oregon Counties were unable to collect approximately 11% of their school levies. Eastern Oregon Counties losses were in the mid thirties percentile range. He pointed out that cities lost revenue as well due to compression.

200 STEVE MEYER explained that levies' total growth has been increasing at an average rate of 8%, which closely parallels the percentage increase in the CPI (Consumer price index) and the rate of population growth.

250 STEVE MEYER stated that the full phase in of Measure 5 will cause a dramatic change in school's percentage of revenue.

280 STEVE MEYER went over in detail the Assessment Program which was altered by Measure 5.

Questions and discussion.

TAPE 7 SIDE B

001 STEVE MEYER continued.

065 SEN. CEASE commented on the subjectivity of appraisals of property.

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077 SEN. ADAMS contributed that value is not a scientific fact, it is a scientific process to validate a judgement.

095 STEVE MEYER discussed joint county tax rates.

110 STEVE MEYER explained the property tax appeal process.

166 STEVE MEYER stated that there has been substantial increases in assessed value of property.

198 STEVE MEYER pointed out that property values do not always increase. Those years that do not increase will impact local school districts and affect the state's responsibility.

Questions and discussion.

269 STEVE MEYER went over the Property Tax Exemptions. He stated that although data is slightly out of date, it gives a good overview of various categories of exempt property.

Questions and discussion.

385 STEVE MEYER began testimony regarding property tax relief. He spoke more specifically on the Elderly Rental Assistance Program, which has been modified as of last session, and the Senior Deferral Program.

415 CHAIR SMITH confirmed that the state reimburses the counties for these deferrals.

TAPE 8 SIDE B

001 STEVE MEYER continued his testimony regarding the Elderly Rental Assistance Program.

012 STEVE MEYER explained the requirements for participation in the Elderly Rental Assistance Program.

Questions and discussion.

041 STEVE MEYER pointed out that the returns have gone up due to changes in formulas. There is now an average refund of about \$559 in rental assistance per month.

060 STEVE MEYER went over the requirements for the Senior Deferral Program.

075 STEVE MEYER went over the Oregon Elderly Rental Assistance Form 9 OR.

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090 STEVE MEYER summarized his presentation.
110 DICK YATES began testimony regarding timberlands. Exhibit 2.
178 DICK YATES testified regarding the history of Oregon Timber Taxes.
324 DICK YATES went over problems faced by the onset of Measure 5. He informed the Committee that the Attorney General has decided that Measure 5 limits apply to timber. However, the legislature has redefined the timber tax as a privilege tax and has not been challenged.
Questions and discussion.
414 CHAIR SMITH adjourned the meeting at 3:03 p.m.

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Jen r Belkle, Committee Assistant

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--- Kimberly Taylor, Office Manager

Exhibit Summary

1. Meyer, District Budget Process, 1-93
2. Yates, 27 Million Acres of Forest Land, 1-93

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