

Tapes 14-15 A/B
Public Hearing Imp. Measure 5
SB 79
SB 272
SB 274
SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
JANUARY 26, 1993 1:00 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Senator Shirley Gold, Chair
Senator Brady Adams
Senator Ron Cease
Senator Rod Johnson
Senator Peg Jolin
Senator Paul Phillips
Senator Tricia Smith

Witnesses Present: John Lattimer, Legislative Fiscal Officer
Jerry Hanson, President,
Oregon State Association of County Tax
Assessors
Ray Erland, President,
Oregon State Association of County Tax
Collectors
Elizabeth Harchenko, Attorney in Charge:
Tax Section, Justice Department
John Hall, Enterprise Zone Program Manager
Oregon Economic Development Department
Delores Devine, Oregon Association of
County Tax Collectors
Alan Willis, Port of Portland
Staff: James Scherzinger, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
Jennifer Belkle, Committee Assistant

TAPE 014 SIDE A

001 CHAIR GOLD called the meeting to order at 1:10 p.m.
018 JOHN LATTIMER completed his testimony from January 25, 1993 regarding
the budget and budgeting process.
050 JOHN LATTIMER stated that one critical issue in the budget is the lack
of resource alternatives that may be acceptable to the legislature, e.g.,
lottery funds.
145 JOHN LATTIMER continued his testimony with charts and graphs from a
fiscal report on the General Fund. Exhibit 1.

These minutes paraphrase and/or summarize statements made during this
meeting. Text enclosed in quotation marks reports the speakers exact words.
For complete context of proceedings, please refer to the tape recording.
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280 CHAIR GOLD inquired about the jeopardy of federal funds if the use of
lottery funds was approved.
300 JOHN LATTIMER claimed that generally there is not a problem. The
question that arises is whether or not there is sufficient money allotted
by the state to "match" federal funds. If the matching funds are not
allotted, federal funds may be lost in their entirety. However, the
volatility of lottery funds is minimized if the amount used is smaller.

328 CHAIR GOLD opened the public hearing on the Implementation of Measure 5.

365 JERRY HANSON testified regarding the impact of Measure 5 on administering the system of tax assessment and collection.

393 RAY ERLAND testified regarding the implementation of Measure 5. Exhibit 2. He testified that there are two areas of concern; one deals with mechanics and the second deals with public perception.

420 RAY ERLAND related that the change of the assessment date from January 1 to July 1 eliminated the taxpayer's opportunity to appeal the value before the Tax Statement is mailed.

TAPE 15 SIDE A

001 RAY ERLAND continued with his testimony regarding the assessment process.

060 RAY ERLAND stated that negative public reaction was strong when the tax statements went out. He added that values appeals increased 80% statewide. Questions and discussion.

115 RAY ERLAND explained the appeal process to the ratio review board.

160 RAY ERLAND asserted his belief that the citizens are beginning to understand the process. He stated that appeals to the board of equalization were down statewide.

171 SEN. ADAMS questioned the assumption that statewide understanding is up. He cited that with his constituents appeals are up and understanding is down.

180 SEN. CEASE suggested that the real problem may be the nature of the property tax itself.

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240 CHAIR GOLD inquired about research on the California system (Proposition 13).

315 SEN. CEASE reiterated his feeling on the inequity of similar properties paying radically different tax rates.

387 ELIZABETH HARCHENKO testified regarding current cases pending in the tax court pertaining to Measure 5. Exhibits 3-7.

392 ELIZABETH HARCHENKO recapped a case that contested the constitutionality of Measure 5. The case claimed violation of equal protection under the Federal constitution. The Oregon Tax Court ruled that Measure 5 did not violate the Constitution. The case is now on appeal to the Oregon Supreme Court. The focus of this case was the compression provision. The taxpayers asserted that property owners of essentially identical property were paying significantly different tax amounts and rates.

410 ELIZABETH HARCHENKO stated that in light of the U.S. Supreme Court ruling on Proposition 13, she felt that the Oregon Supreme Court will sustain the Oregon Tax Court in its decision that Measure 5 is not unconstitutional.

421 ELIZABETH HARCHENKO continued testimony on court cases citing the Urban Renewal case titled City of Portland vs. Smith. Exhibit 3.

TAPE 14 SIDE B

001 ELIZABETH HARCHENKO continued testimony on the Urban Renewal court case which raises the question of whether or not tax increment revenue is outside the limits of Measure 5. She stated that at this time most urban renewal agencies are assuming that their revenue is within the limits of Measure 5.

014 ELIZABETH HARCHENKO discussed a court case that addressed the state amusement device tax. The tax court held that this tax was not a tax upon property and therefore not subject to the limits of Measure 5. Exhibit 4.
030 ELIZABETH HARCHENKO summarized cases that addressed the issue of storm drainage fees. Exhibits 5 & 6.
065 ELIZABETH HARCHENKO outlined the case of Comeaux vs. Water Wonderland which has a narrow application pertaining to non-profit corporation organized to supply water to certain properties. These organizations are not subject to Measure 5. The taxpayers have appealed to the Supreme Court. Exhibit 7.

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079 ELIZABETH HARCHENKO reported the latest activity in the tax court which involves a series of cases in which taxpayers have asked for refunds of taxes they paid during 1991-92 for the support of Urban Renewal.
090 ELIZABETH HARCHENKO recounted a case entitled Welch vs. United Sewage Agency. This case revolves around legislation from last session which stated that ten taxpayers together could seek a court determination whether a fee or charge of a local unit was subject to Measure 5. Mr. Welch could not find nine other taxpayers to file with him. The county moved to dismiss the case. The judge issued an order stating that the ten taxpayer requirement was unconstitutional and violated due process.

110 CHAIR GOLD opened the public hearing on Senate Bill
79

100 JOHN HALL testified regarding the Senate Bill 79 which deals with Enterprise Zones. Exhibit 8.

142 JOHN HALL outlined problems he perceived needed to be corrected in SB 79. In addition to the substantive changes, he suggested technical amendments as well. Exhibit 9.

185 SEN. SMITH commented on businesses in her district that have fallen into the "dead zone". She confirmed that there is no known dissension against this bill.

200 DELORES DEVINE gave testimony regarding problems that she felt needed to be corrected with, S-B 274. Exhibits 10 & 11.
Questions and discussion.

350 ALAN WILLIS testified regarding the Port of Portland's proposed amendments to SB 272. Exhibit 12.

TAPE 15 SIDE

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001 ALAN WILLIS continued his testimony regarding SB 274.

030 CHAIR GOLD adjourned the meeting at 2:35 p.m.

Jifer Belkle, Committee
Assistant
Kimberly Taylor, Office Manager

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Exhibit Summary

1. Lattimer, 1991-93 General Fund Budget
2. Erland, Testimony regarding Implementation of Measure 5
3. Harchenko, Court case, City of Portland vs. Smith
4. Harchenko, Court case, Alien Enterprises vs. Department of Revenue
5. Harchenko, Court case, Dennehy vs. City of Gresham
6. Harchenko, Court case, Roseburg School District vs. City of Roseburg
7. Harchenko, Court case, Mike Comeaux vs. Water Wonderland Improvement
8. Hall, Testimony on SB 79, 1-26-93
9. Hall, Proposed amendments to SB 79, 1-26-93
10. Devine, 1993 Legislative Proposals from OACTC
11. Devine, Property Tax Collection Statistics, 1-4-93
12. Willis, Proposed Amendments to SB 272 from Port of Portland, 126-93

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