

Public Hearing SB 277
Work Session SB 14
SB 273
SB 275
Tapes 42-43 A/B

SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

FEBRUARY15, 1993 1:00 PM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Shirley Gold, Chair
Senator Brady Adams
Senator Ron Cease (departure 7:15)
Senator Rod Johnson
Senator Paul Phillips
Senator Tricia Smith (arrival 1:30)
Members Excused: Senator Peg Jolin

Witnesses Present: Jim Manary, Legislative Liaison for the Department of
Revenue
Gary Carlson, Associated Oregon Industries Bob Carus, Associated Oregon
Industries
Mike Dewey, Oregon Cable Operators

Staff: Steve Meyer, Legislative Revenue Office
Jennifer Belkle, Committee Assistant
TAPE 42 SIDE A

013 CHAIR GOLD called the meeting to order at 1:15 p.m.

016 STEVE MEYER explained that SB 277 addresses two separate issues. The first issue results from legislation last session regarding third party subpoenas. The second issue is the assessment of intangibles.

029 JIM MANARY testified regarding SB 277. Exhibit 1. He discussed the two issues involved with SB 97. He clarified the third party subpoena power and gave the history of the Department of Revenue's use of this power. He stated that the problem that SB 277 is attempting to correct stems from the industries' concern of damage to companies resulting from the use of third party subpoenas for appraisal purposes.

080 JIM MANARY related the new provisions in SB >77 designed to protect the third party being subpoenaed.

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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110 JIM MANARY discussed the second issue which deals with intangibles. He explained that by law, property tax assessment may only include real property and tangible property. He explained that in the appraisal process, there is the potential for including values that are classified as intangibles. He elaborated on ways the methods of appraisal include intangibles in their evaluations. He stated that this bill expands upon the

current list of items that are classified as intangibles.

157 GARY CARLSON testified regarding SB 277. Exhibit 2. He presented the industries preference that the Department of Revenue not have the power to utilize a 3rd party subpoena. He asserted that the release of information in this could potentially damage a corporation.

207 GARY CARLSON stated that the point of departure between the private sector and the Department of Revenue in SB 277 is the policy for dealing with the influence of intangibles on property tax assessment.

Questions and discussion.

300 SEN ADAMS inquired whether it is possible to evaluate property without taking the intangibles into consideration.

310 JIM MANARY stated that when appraising complex industrial properties, there are three different methods, each with an area of weakness.

340 BOB CARUS testified regarding SB 277. He contributed that experts have stated that intangibles can be assessed and adjusted.

Questions and discussion.

TAPE 43 SIDE A

001 JIM MANARY continued the discussion of intangibles and industrial appraisal.

Questions and discussion.

050 GARY CARLSON testified as to the origin of SB 277.

090 JIM MANARY clarified that the bill is very clear in not taxing intangibles. He stated that the difficulty arises in the question of taxing the influence of such intangibles on the property's value. He maintained that this process is difficult to police by statute, however, the Department of Revenue tries not to use an

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appraisal approach that considers a substantial amount of intangibles.

Questions and discussion.

325 SEN SMITH brought up the point that these intangibles are considered when deciding upon exemptions, so why are they not considered for taxation purposes.

355 MIKE DEWEY testified in support of SB 277. He discussed the specific examples of cable companies' property assessment. He discussed the impact of the assessment of intangibles on property and taxes. He was concerned that the cable companies' franchise could be considered an influence on the value of the property.

TAPE 42 SIDE B

001 MIKE DEWEY continued his testimony regarding SB 277.

025 SEN GOLD directs members' attention to the fiscal impact statement for SB 277. Exhibit 3.

045 JIM MANARY discussed the unlikelihood of the Department of Revenue using a third party subpoena again.

Questions and discussion.

085 SEN GOLD opened Work Session on SB 14.

090 STEVE MEYER discussed some sections of the bill that have been affected

by the amendments that were adopted.

112 GARY CARLSON stated that he would have no objection to removing section 78 from SB 14.

117 JIM MANARY stated that the department is also in agreement with this deletion.

125 MOTION: CHAIR GOLD moved for the deletion of

Section 78 from the engrossed SB

34.

132 ORDER: Hearing no objections, CHAIR GOLD so

ordered.

141 CHAIR GOLD opened the Work Session on SB 273. Steve Meyer related that the amendments were not ready.

147 CHAIR GOLD opened the Work Session on SB 275.

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155 STEVE MEYER explained that in the current definition for private express carrier there is not a specific reference to time.

Questions and discussion.

240 CHAIR GOLD adjourned the meeting at 2:30 p.m.

J fer Belk , Committee Assistant

Kimberly Taylor, ace Manager

Exhibit SummarY

1. Manary, Industrial Appraisal Task Force Report HB 3050, 2-93

2. Carlson, Testimony on SB 277, 2-15-93

3. Meyer, SB 277 Fiscal Impact Statement

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