

January 22, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Staff Present: Dick Yates, Legislative Revenue Office Steve Meyer, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Karen Whitaker, Oregon Health Sciences University Ed Patterson, Oregon Association of Hospitals Jim Brown, Department of Revenue

TAPE 16 SIDE A 005 CHAIR JONES called the meeting to order at 8:04 and conducted administrative business. 027 DICK YATES pointed out Proposed Amendments HB 2162-3, HB 2162, Revenue Analysis HB 2162 A and a letter from Karen Whitaker which summarizes current criteria for an Oregon state income tax credit and lists hospital types (A,B,C). Exhibits 1,2,3,4 044 DICK YATES explained HB 2162 would insure that a certain tax credit will flow through to shareholders of an S Corporation. He explained a licensing definition which limits a tax credit to an individual and not a corporation. He also explained a problem with the relating clause in HB 216 2 which is corrected with HB 2162-3. He reviewed HB 2162-3. Exhibit 1 073 DICK YATES reviewed Section 16 which was requested by the Oregon Association of Hospitals and allows an exception regarding type "B" hospitals. He described clarifying language in the proposed amendment and the inclusion of certified registered nurse anesthetist (CRNA) in Section 17. Exhibit 1 131 DICK YATES pointed out line 28 on page 3 of HB 2162-3 extends the filing time by one year and an extension to a sunset provision by one . 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. House Committee on Revenue and School Finance January 22, 1991 Page 2 year. He noted that these extensions were the intent of the original law from the 1989 Legislative Session. Exhibit 1 140 DICK YATES explained Section 19 corrects a situation for a Florence hospital as described in the House Revenue Meeting on January 18, 1991. Exhibit 1 PUBLIC HEARING - HB 2162 154 KAREN WHITAKER provided background information for an Oregon State ,Rural Practitioner Income Tax Credit Program. She supported Proposed Amendments HB 2162-3. Exhibits 5,6 183 Questions and discussion regarding a Silverton hospital. 200 Questions and discussion regarding type "C" hospital findings, criteria and definition of "remote". 243 KAREN WHITAKER explained a specific problem retaining to a Florence hospital. 254 ED PATTERSON supported Proposed Amendments to HB 2162-3 from Oregon Association of Hospitals, Oregon Medical Association and Oregon Nursing Association. 280 Questions and discussion regarding language involving CRNA's. 309 CHAIR JONES clarified that an increase in a tax credit and an increase in a loan amount for rural physicians will not be addressed under HB 2162. WORK SESSION - HB 2162 342 MOTION Rep. Parkinson moved to adopt proposed amendments to HB 2162 tHB 2162-3 dated 1/21/91). 350 ORDER There being no objection, Chair Jones so ordered. 355 MOTION Rep. Clark moved HB 2162 as amended to the floor with a do pass recommendation. DISCUSSION 427 VOTE In a roll call vote, the motion was adopted (9-0). AYES: Representatives Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Whitty, Hosticka, Jones.

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. House Committee on Revenue and School Finance January 22, 1991 Page 3 TAPE 17 SIDE A ORIENTATION/PROPERTY TAXATION 016 STEVE MEYER emphasized timelines of the property taxation process because of the impact from Measure 5. He explained that property taxation is a local tax (raise and spend money locally) but is controlled at the state level to provide uniformity. 048 Discussion regarding property tax exemptions. 060 Questions and discussion regarding local districts ability or inability to impose by vote a fee for services on currently exempt properties. 111 STEVE MEYER referred to a packet of property tax information and reviewed a local budget law process. Exhibit 7, page 1 175 Questions and discussion regarding interest rate in an assessment process. 186 STEVE MEYER continued his review of a district budget process. 213 Questions and discussion interspersed. 293 STEVE MEYER reviewed categories of district levy authority: 1) Tax base 2) Special levy 3) Serial levies 4) School safety net 5) Bond. Exhibit 7 325 Discussion regarding the status of Portland Police and Fire with reference to an unfixed levy. 349 STEVE MEYER continued his review of serial levies. Exhibit 7 362 Questions and discussion regarding bancroft bonds and a budget tracking process. 391 STEVE MEYER continued his review of district levy authority. Exhibit 7 TAPE 16 SIDE B 007 STEVE MEYER reviewed election dates. Exhibit 7 023 STEVE MEYER reviewed Type of Property Tax Levy Submitted (1990-91 data). Exhibit 7, page 2 040 Questions and discussion regarding special levies for special purposes and definition of "excess" under other districts. Exhibit 7, page 2

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075 STEVE MEYER reviewed categories of other districts and community colleges. 100 STEVE MEYER reviewed Property Tax Levies (After Offsets) and Percent Change From Prior Year. Exhibit 7, page 3 120 Discussion regarding a correlation between a vote by county on Measure 5 and the table on page 3 and offsets identified by county. Exhibit 7 156 Discussion regarding a Baker Community College district and whether this district has a tax base. 178 Discussion regarding special districts in Harney County. 190 STEVE MEYER reviewed Growth of Property Tax Levies By Type Of Taxing District which provides a historical perspective for levies. Exhibit 7, page 4 200 Questions and discussion. 232 CHAIR JONES recessed the meeting at 9:18 and reconvened the meeting at 9:37. 240 STEVE MEYER continued with a review of property taxes and began with valuation. He referred to Property Tax Exemptions as an example of property that is not taxable. Exhibit 7, page 5 265 Questions and discussion regarding property tax exemptions. 285 REP. HOSTICKA expressed his concern with numbers listed under intangible personal property. Exhibit 7, page 5 293 Questions and discussion regarding definition of personal property. 320 Questions and discussion regarding a correlation between Measure 5 and taxes on intangible property. 339 Questions and discussion regarding definition of in lieu of tax payments. Exhibit 7, page 5 370 STEVE MEYER continued with Assessment Program and Current Timeline which describes timelines and activities for determining value and items impacted by Measure 5. Exhibit 7, pages

6,7 TAPES 17 SIDE B 003 STEVE MEYER continued with a definition of market value from a Department of Revenue administrative rule book. Exhibit 7, page 6

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028 Questions and discussion regarding definition of market value and an appraisal process. 076 JIM BROWN reviewed an appraisal process for placing value on property. 104 STEVE MEYER noted three common methods for property valuations. He continued his review of Assessment Program. Exhibit 7, page 6 124 Questions and discussion regarding four categories of industrial properties appraisal process. 139 STEVE MEYER continued with Assessment Cycle and Ratio Study. Exhibit 7, page 6 200 Questions and discussion interspersed. 280 STEVE MEYER described a code area and referred to an illustration on page 8. He explained that Measure 5 does not apply to code areas but applies to individual properties. Exhibit 7 334 STEVE MEYER continued with his review of Assessment Program. Exhibit 7 360 Discussion regarding a split billing fee among counties. TAPE 18 SIDE A 010 STEVE MEYER pointed out that Current Timeline provides an illustration of the assessment date moving to January 1 and how that move affects the timing of other functions as noted on page 7. Exhibit 7 015 CHAIR JONES added that the Current Timeline provides a basis for future changes because of Measure 5. 021 STEVE MEYER reviewed Assessed Value and Average Tax Rate by County and pointed out the spread in the average tax rate. Exhibit 7, page 9 040 REP. WHITTY commented that Curry County has as many school districts in the safety net compared to other counties even though Curry County has the lowest tax rate. 050 STEVE MEYER discussed Value of Taxable Property. Assessment Ratio and Average Tax Rate which provides a history of value information. 065 STEVE MEYER clarified that historic charts are not adjusted for inflation. Exhibit 7 088 STEVE MEYER pointed out the average tax rate in the chart entitled Property Value and Tax Rate. Exhibit 7, page 10. 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. House Committee on Revenue and School Finance January 22,1991 Page 6

100 STEVE MEYER referred to Tax Increment Financing (Urban Renewal) Districts. Exhibit 7, page 11 115 CHAIR JONES conducted administrative business and adjourned the meeting at 10:26.

Linda Leach, Committee Assistant

. Kimberly Taylor, Office Manager

EXHIBIT SUMMARY 1. Proposed Amendments to House Bill 2162, HB 2162-3, LRO, 1/21/91 - HB 2162 2. Revenue Analysis HB 2162 A, LRO, 1/21/91 - HB 2162 3. Letter from Karen Whitaker, 7/1/90 - HB 2162 4. Summary of Activity to Date, Karen Whitaker, 1/21/91 - HB 2162 5. Distribution of Tax Credit Recipients by County, Karen Whitaker, 1/21/91 - HB 2162 6. Property Taxation Packet, LRO, 1/22/91 - Orientation

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