

February 1 , 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: Jim Scherzinger, Legislative Revenue Officer Steve Meyer, Legislative Revenue Office Marlene Stickley, Committee Assistant Witnesses Present: Jim Kenney, Department of Revenue John Marshall, Oregon School Boards Association

TAPE 36 SIDE A 005 CHAIR JONES called the meeting to order at 8:04 as a subcommittee until a quorum was reached at 8:07. 018 CHAIR JONES noted Draft LC 304 is at the request of Standford Rice. Exhibit 1 020 CHAIR JONES noted Draft LC 2058 is at the request of Rep. Campbell. Exhibit 2 043 MOTION Rep. Parkinson moved the introduction of Draft LC 304 as a committee bill at the request of Standford Rice. 044 ORDER There being no objection, Chair Jones so ordered. 048 JIM SCHERZINGER began his review of Measure 5 Implementation Issues. Exhibit 3 064 JIM SCHERZINGER called the members attention to Assessment section. Exhibit 3 060 Questions and discussion regarding assessment issues as noted under "Flags". Exhibit 3

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 February I, 1991 Page 2 084 JIM SCHERZINGER explained replacing TCV (true cash value) with RMV (real market value) for calculation of tax. Exhibit 3 099 Questions and discussion regarding farm deferral. 105 JIM SCHERZINGER explained that farm deferral will create questions as whether to use assessed value or RMV for purposes of the exemption. 113 JIM SCHERZINGER continued with his review of Measure 5 Implementation Issues, stating that RMV will be added to the roll, as ,well as assessed value. 123 JIM KENNEY clarified that problems could arise from the contents of the assessment roll where there would be a need for the Department of Revenue (DOR) to direct the assessors and tax collectors. 141 JIM SCHERZINGER pointed out a need for corrections in Section 53 and 92 of HB 2550. 148 JIM SCHERZINGER referred to page 49, line 31 (HB 2550) September 1 date is still undecided. Line 38 and 39, language should not have been added because the Board of Value Appeals (BOVA) has been moved to a different time and should be crossed out. 164 CHAIR JONES suggested that the corrections be put in amendment form from the DOR. 184 JIM SCHERZINGER reviewed how the assessor can can make changes to the roll. Exhibit 3 194 JIM SCHERZINGER explained repeal posted ratio in Section 208 of HB 255 0. Exhibit 3 203 Questions and discussion regarding repeal posted ratio. 219 JIM SCHERZINGER referred to utilities section. Exhibit 3 251 Questions and discussion regarding utilities. 282 JIM SCHERZINGER presented the changes in personal and industrial returns (Sections 108 & 109 of HB 2550). 326 JIM KENNEY explained a problem of timing for the County Assessor's process. 345 Questions and discussion. 358 Questions and discussion pertaining to retaining the filing date for personal and industrial returns.

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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 February 1, 1991 Page 3 TAPE 37 SIDE A 003 Questions and discussion continued. 024 REP. PARKINSON expressed his concern that individuals need to testify regarding Ballot Measure 5. 033 CHAIR JONES encouraged public testimony regarding HB 2550. 042 REP. SCHOON stated his concern of the implementation of Ballot Measure 5 mixed with policy decision not required by Ballot Measure 5. 062 JIM KENNEY clarified that HB 2550 eliminated special assessment for farm properties. 076 Questions and discussion regarding tax liability. 095 JIM KENNEY clarified that issues have been identified, but noted policies are committee decisions. 105 Questions and discussion regarding policy issues in HB 2550. 131 JIM KENNEY explained that State fees which are not normally property tax, had to be removed from Measure 5. 146 JIM SCHERZINGER referred to other taxes and charges. Exhibit 3, page 3 161 CHAIR JONES commented that what impacts the revenue and what impacts relief available needs to be clarified. 167 JIM SCHERZINGER interjected there are other issues that affect revenue that are not identified. 191 CHAIR JONES clarified the committee's concerns as not implementing something simply to make it financially more successful for the state or local district without that being a requirement of the constitutional change. - 215 REP. NELSON expressed his concern for identifying these facts early. 221 REP. BURTON supported a detailed review of HB 2550. 241 REP. HOSTICKA commented on the impact to services when taxes are reduced. 273 Questions and discussion regarding committee procedure for dealing with HB 2550. 305 JIM KENNEY explained a proposal to ensure a penalty was not a tax.

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 February 1, 1991 Page 4 320 CHAIR JONES was concerned with the phase-out of the three percent property tax discount. 337 CHAIR JONES recessed the meeting at 8:58. 338 CHAIR JONES reconvened the meeting at 9:23. 343 JIM SCHERZINGER continued covering personal and industrial returns. Exhibit 3 371 JIM SCHERZINGER reviewed a proposed increased penalty for failure to file tax returns. Exhibit 3 380 JIM KENNEY explained that the increased penalty was viewed as an incentive for timely filings. TAPE 36 SIDE B 002 JIM KENNEY continued discussing a proposed penalty increase. 010 Questions and discussion regarding penalties. 020 REP. HOSTICKA noted his concern with the proposed increased penalty. 036 Questions and discussion continued. 051 JIM KENNEY explained a current process for a taxpayer to request an extension and appeal process. 056 Questions and discussion regarding personal property return. 082 Questions and discussion regarding penalties and assessment. 116 JIM SCHERZINGER explained separate statement for penalty. Exhibit 3 122 Questions and discussion regarding separate statement for penalty. 128 JIM KENNEY clarified that the penalty will be imposed and identified on the tax statement. The taxpayer has the appeal right to the BOVA, but are not notified before the tax bill. 150 Questions and discussion regarding notification of penalty. 183 JIM KENNEY provided an example for the proposed increased penalty. 199 REP. WHITTY questioned if the penalty is based on assessed value, or on tax owed. 202 JIM KENNEY confirmed that the penalty is assessed on value. ~. .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 February 1, 1991 Page 5

204 Questions and discussion on penalty, interest and notification. 230
JIM SCHERZINGER reviewed the mobile home proposed change in HB 2550.
Exhibit 3 260 Questions and discussion regarding mobile home
segregation, fees, and moving. 294 JIM SCHERZINGER continued reviewing
the mobile home section. Exhibit 3 330 Questions and discussion
regarding fee change. 360 JIM KENNEY clarified that the assessors
requested the fee change. 372 JIM SCHERZINGER reviewed proposed changes
in industrial plants and reappraisal sections of HB 2550. Exhibit 3 375
Questions and discussion regarding time change for appraisal. TAPE 37
SIDE B 003 JIM SCHERZINGER referred back to changes affecting
utilities. Exhibit 3 010 CHAIR JONES clarified that the penalty would
be considered part of the tax under Measure 5. 017 JIM SCHERZINGER
continued reviewing the utility section, noting policy changes. Exhibit
3 038 Questions and discussion regarding amendments and repealing rural
telephone exchange tax. 083 JIM SCHERZINGER explained a definition
change regarding utilities. Exhibit 3 100 Questions and discussion. 113
JIM SCHERZINGER reviewed local budget law and elections, noting offsets
are repealed in other areas of HB 2550. Exhibit 3 134 JIM SCHERZINGER
explained publication requirements. Exhibit 3 148 JIM KENNEY reported
publication of budget and hearing notice comes from taxing districts.
157 Comments and discussion regarding publication requirements. 220
JIM SCHERZINGER explained a supplemental budget process. Exhibit 3

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240 Questions and discussion. 279 JOHN MARSHALL explained an example
where a school may use a supplemental budget process. 290 Questions and
discussion. 334 JOHN MARSHALL described how Measure 5 will affect the
tax levy of schools. 340 Questions and discussion regarding
supplemental budget. 373 JIM SCHERZINGER referred to ballot titles.
Exhibit 3 400 Questions and discussion. TAPE 38 SIDE A 005 Questions
and discussion continued. 044 JIM SCHERZINGER reviewed items listed
under "Flags". Exhibit 3 092 CHAIR JONES conducted administrative
business and adjourned the meeting at 10:31.

Marlene Stickley, Committee Assistant Kimberly Taylor, Office Manager
EXHIBIT SUMMARY 1. Draft LC 304, Stanford Rice, 2/27/90. - LC Drafts 2.
Draft LC 2058, Representative Campbell, 12/10/90. - LC Drafts 3. Measure
5 Implementation Issues, LRO, 2/1/91. - HB 2550

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