

Tapes64-65(A/B) ~ Work Session: HB 2550 HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE ~ . February 14, 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 Linda Leach, Committee Assistant Witnesses Present: Jim Kenney, Department of Revenue Gil Riddell, Association of Oregon Counties Kim Worrell, Association of Oregon Counties Julie Brandis, Association of Oregon Industries Sara Baker-Sifford, Oregon Rural Electric Cooperative Association TAPE 64 SIDE A 005 CHAIR JONES called the meeting to order at 8:10 and conducted administrative business. WORK SESSION - HB 255 0 014 REP. HOSTICKA was concerned about the proposed system under HB 2550 where a taxpayer receives the notice of property value together with a tax bill. He believed the notice of value should be sent out prior to the tax bill to allow sufficient time for review. He suggested September 15 for a value notice mailing and November 15 for a tax bill mailing. 035 CHAIR JONES was concerned that taxpayers have sufficient time to review their property value prior to receipt of tax bill. 042 JIM KENNEY commented on the cost to counties for sending out two mailings. 050 Questions and discussion. 060 Discussion regarding possible cash flow problem with dates as proposed by Rep. Hosticka.

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065 REP. PARKINSON added Rep. Hosticka's proposal has merit. 076 Discussion regarding the number of taxpayers who receive a value notice under the current system and reasons for sending out value notices. (not all property owners receive value notice) 093 Questions and discussion regarding impact on taxpayer property rates (in general) when an appeal is won by another taxpayer. 108 REP. SCHOON was concerned with a large number of appeals and ,effects on local government. He suggested a system where a notice of value is sent out prior to the roll calculation so the county could make adjustments because of appeals. 139 CHAIR JONES commented on a possible need for counties to adjust tax rolls. 144 REP. NELSON was concerned with the impact from Measure 5 on rural counties. 150 Questions and discussion comparing current appeal timing to different proposed appeal times. 187 GIL RIDDELL commented on timing of appeals. He suggested a consideration of the overall cost to counties regarding appeals and commented on the impact from the definition of real market value. 198 Questions and discussion. 229 CHAIR JONES believed a taxpayer (in a declining market) would appeal at the end of the tax year. 242 GIL RIDDELL supported a streamline of appeals up front and did not see a need for extended open ended appeals. 265 Discussion regarding an appeal period after the tax year. 314 CHAIR JONES did not support an open appeal process during the year. There should be a second appeal period after the tax year. 325 Discussion pertaining to mailing costs of value notices. 337 Discussion relating to refunds and tax roll adjustments. 384 Questions and discussion regarding a proposal for an appeal process to happen only at the end of the tax year. TAPE 65 SIDE A 014 JIM KENNEY explained the reasoning behind the appeal process as proposed in HB 2550 was to provide a degree of revenue certainty.

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029 Questions and discussion regarding a descriptive value notice. 034 Discussion regarding the possibility of two appeals on the same property under HB 2550. 038 CHAIR JONES requested input on an idea which came from the Association of Oregon Counties: Instead of appeal refunds to taxpayers, consider an adjustment of the last tax payment. 055 KIM WORRELL added HB 2550 included a possibility to adjust the ,third trimester tax payment when a taxpayer won an appeal. 067 Questions and discussion. 120 JIM KENNEY explained options in HB 2550 for ways to deal with appeal refunds. 131 REP. PARKINSON was concerned with adjusting last payment of taxes for small counties. 138 JIM KENNEY explained a reserve account which would eliminate a danger to small counties as pointed out by Rep. Parkinson. 145 CHAIR JONES recessed the meeting at 8:51 and reconvened at 9:08. 168 CHAIR JONES discussed the committee schedule relating to appeal process. 188 CHAIR JONES wanted to preserve an opportunity for taxpayer appeals and at the same time create a workable property tax system. 198 REP. CLARNO suggested input from Eastern Oregon regarding the proposed appeal process. 202 CHAIR JONES referred to Measure 5 Implementation Issues (as of 2/13/91)- She reviewed the committee's schedule and discussed subcommittees for Income Taxation and Property Taxation. Exhibit 1 253 JIM SCHERZINGER reviewed a 10% value range for appeals in HB 2550. 276 JIM KENNEY explained the intent of placing a 10% value range in HB 2550 was to provide a guideline to the Board of Values because of uncertainties created by Ballot Measure 5. The Department of Revenue has recognized the language in HB 2550 is too restrictive and amendments will be forthcoming regarding 10% value range. 306 Questions and discussion. 340 JIM KENNEY explained if the 10% value range was eliminated from HB 2550 the property tax system would not be hurt.

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 14, 1991 Page 4 343 REP. WHITTY did not support the 10% value range in HB 2550. 353 JIM KENNEY explained the 10% value range would not stop appeal rights and would not be accumulative. 360 CHAIR JONES clarified forthcoming amendments from the Department of Revenue regarding the 10% value range in HB 2550 would not have a percent in relationship to appeal available to a taxpayer. The percent would act as a guide to the Board of Values. 374 MOTION REP. HOSTICKA moved to remove subsection 6 of Section 12 (page 13) and subsection 2 of Section 198 (page 102) of HB 2550, without prejudice. (relating to 10% value range) Discussion TAPE 64 SIDE B 005 ORDER There being no objection, Chair Jones so ordered. 016 JIM SCHERZINGER reviewed Sections 11 and 23 of HB 2550 which reduces the appeal time to the Tax Court from 60 days to 30 days. 030 JIM KENNEY provided an example of a utility property to explain why an appeal time reduction was proposed in HB 2550. 055 CHAIR JONES questioned if proposed reduction in appeal time to the Tax Court only affected centrally assessed properties. 050 JIM KENNEY answered the intent was to affect only centrally assessed property, but the Department of Revenue is reviewing language to clarify this. 058 Questions and discussion. 067 CHAIR JONES referred to previous testimony from Association of Oregon Industries. (see Exhibit 16 from

2/18/91 Revenue meeting - HB 2550) 078 JULIE BRANDIS related a concern of mailing time not accounted for in the proposed reduction of appeal time and lack of time available to obtain legal representation in an appeal case. 087 Questions and discussion regarding a description of centrally assessed properties. 091 REP. BURTON was concerned with mailing time as a part of the proposed 30 day appeal period.

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does not have to deal with an issue of elected officials. She explained the make-up of the current membership of Board of Equalization. This committee must decide on a proposal to add two elected people from two taxing districts to a portion of the board. 139 CHAIR JONES conducted administrative business and adjourned the meeting at 10:03.

Linda Leach, Committee Assistant

Kimberly Taylor , Officer Manager EXHIBIT SUMMARY 1. Measure 5
Implementation Issues (as of 2/13/91), LRO - HB 2550

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