

February 15, 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: Kim Worrell, Association of Oregon Counties Gil Riddell, Association of Oregon Counties Jim Kenney, Department of Revenue Chris Robinson, Attorney, Portland, Oregon B.J. Smith, League of Oregon Cities TAPE 66 SIDE A 006 CHAIR JONES called the meeting to order at 8:08 and conducted administrative business. BILL INTRODUCTION 013 JIM SCHERZINGER explained the following: LC Draft 318 at the request of Carl Burgard. Exhibit 1 LC Draft 2271 at the request of Heart of Oregon Coalition. Exhibit 2 LC Draft 2738 at the request of Stu Rasmusen. Exhibit 3 LC Draft 2896 at the request of Association of Oregon Counties. Exhibit 4 LC Draft 3279 at the request of Oregon Restaurant Association and Oregon Lodging Association. Exhibit 5 044 MOTION Rep. Hosticka moved LC Draft 318 be introduced as a committee bill at the request of Carl Burgard.

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 15, 1991 Page 2 046 ORDER There being no objection, Chair Jones so ordered. 049 MOTION Rep. Whitty moved LC Draft 2271 be introduced as a committee bill at the request of Heart of Oregon Coalition. 051 ORDER There being no objection, Chair Jones so ordered. 066 Question and discussion regarding LC Draft 2738. 070 MOTION Rep. Parkinson moved LC Draft 2738, at the request of Stu Rasmusen, be introduced as a committee bill. 073 ORDER There being no objection, Chair Jones so ordered. 078 MOTION Rep. Parkinson moved LC Draft 2896, at the request of Association of Oregon Counties, be introduced as a committee bill. 080 ORDER There being no objection, Chair Jones so ordered. 085 MOTION Rep. Parkinson moved LC Draft 3279, at the request of Oregon Restaurant Association and Oregon Lodging Association, be introduced as a committee bill. 088 Question and discussion regarding LC Draft 3279. 099 REP. SCHOON objected to Rep. Parkinson's motion. 100 VOTE In a roll call vote, the motion was adopted (7-1). AYES: Representatives Clarno, Nelson, Parkinson, Whitty, Clark, Hosticka, Jones. NAYS: Representative Schoon. EXCUSED: Representative Burton. WORK SESSION HB 2550 114 JIM SCHERZINGER recapped committee progress of Measure 5 Implementation Issues. Exhibit 6 180 KIM WORRELL compared the appeal process in HB 2550 to the current appeal process, explaining differences between Board of Equalization (BOE) and Board of Value Appeals (BOVA). 251 KIM WORRELL explained how refunds or credits could be made to third trimester payments under HB 2550. 265 Question and discussion regarding BOVA and BOE.

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282 JIM SCHERZINGER clarified HB 2550 creates a new board to perform old activities of BOE. 285 Questions and discussion regarding BOVA and BOE continued. 294 KIM WORRELL continued with presentation of appeal process. 310 Question and discussion regarding appeal process. TAPE 67 SIDE A 001 Question and discussion regarding appeal process continued. 045 KIM WORRELL suggested completing the tax roll by September 15 with taxes due October 15; appeal process would be open September to end of year. 080 GIL RIDDELL interjected HB 2550 has appeal date ending to Department of Revenue (DOR) on July 15, which could be extended. 083 Question and discussion regarding appeals. 092 REP. BURTON noted his concern of the tax bill and notice of value being received at the same time with the appeal process following payment. 102 KIM WORRELL presented history of 1979 Legislature, which created 2 appeal periods (one for residents and one for nonresidents). 116 Question and discussion regarding old appeal process. 126 JIM SCHERZINGER clarified 1979 created a rise in values. Legislature did two things in HB 2540: limited growth of value, moved (for residential property only) the appeal process to after the tax statement was received. 137 Questions and discussion on appeals continued. 157 CHAIR JONES clarified the committee needs to decide if the taxpayer should have the right to appeal prior to paying the tax bill. 186 REP. SCHOON expressed his concern that the budget process be considered. 206 Questions and discussion regarding the budget process. 255 JIM SCHERZINGER questioned if a longer appeal period would solve the residential property problem. 275 Questions and discussion.

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281 JIM SCHERZINGER reviewed the testimony of Associated Oregon Industries, page 7, February 11, 1991. Exhibit 7 311 REP. HOSTICKA questioned if other districts currently have input. 315 JIM KENNEY explained the background of DOR putting members of the taxing district on the board. 333 REP. PARKINSON expressed his concern not to include the two taxing district members on the board. 348 JIM KENNEY clarified the members of the taxing district are not included in the board for hearing appeals (as in HB 2550) it only includes those members for looking at the broad adjustment to the values prior to determining the taxes. 357 REP. CLARK commented that he is more comfortable with the proposal (in HB 2550) since the additional two members are elected to the board. 382 CHAIR JONES explained members of the governing body and provisions for substitutes. 392 Questions and discussion regarding election of members. TAPE 67 SIDE B 002 Questions and discussion regarding member election continued. 007 JIM KENNEY discussed BOVA members. 020 Questions and discussion regarding members continued. 040 CHAIR JONES clarified the difference between BOVA and BOE functions. 055 Discussion regarding BOE. 083 KIM WORRELL cited the current Oregon Statute which states the third member must be a non-office holding citizen. 088 REP. PARKINSON expressed his opposition to this wording. 094 Questions and discussion regarding qualifications and possible conflicts for board members. 127 CHAIR JONES explained BORR (page 95) will remain the same, BOVA will be changed to BOE (line 34) in HB 2550. 140 REP. SCHOON questioned the Board of Value Review.

These minutes paraphrase arc/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 5, 1991 Page 6 145 CHAIR JONES clarified BOE (BOVA in HB 2550) can be the same members as the BORR, with the exception that the 2 members from governing bodies cannot serve on the BOVA. (Page 95, Section 185, HB 2550). 158 CHAIR JONES noted consensus from the committee to change BOVA to BOE and leave the membership as shown in HB 2550. 165 JIM SCHERZINGER explained BOE hires certified appraisers which is maintained in HB 2550 for BOVA (now BOE) but not for BORR. 174 JIM KENNEY explained that DOR did not want to limit advisors for BORR. 185 Questions and discussion regarding appraisers. 193 JIM KENNEY interjected certified appraisers and licensed fee appraisers are currently being considered as possibly the same. 214 REP. CLARK advocated his concern that at least one advisor be a certified appraiser. 231 Questions and discussion regarding advisors. 255 CHAIR JONES discussed the terms of election for BORR and BOE, emphasizing the committees concern that a certified appraiser be required as a resource for BORR. 272 JIM SCHERZINGER referred to HB 2550, Section 191, page 98, lines 12 and 13 which requires BOE to use appraisers. 280 Questions and discussion regarding certified appraisers. 294 REP. CLARK supported language in HB 2550, Section 191, page 98, requiring BOE to use appraisers. 305 CHAIR JONES clarified the language would be changed so that the requirement for the appraiser remains. 309 JIM SCHERZINGER referred to Section 32, page 20 of HB 2550, which deals with DOR supervisory power. 328 JIM KENNEY commented there really is no need for supervisory power, explaining the Gross Error statute enacted in 1983. 347 CHAIR JONES questioned if there would be a problem leaving this wording in HB 2550 with a sunset provision. 350 Questions and discussion on supervisory power.

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 15, 1991 Page 7 372 JIM KENNEY explained legislation in 1987 passed a 20% standard in the statutes to identify gross error, due to the recession. TAPE 68 SIDE A 002 JIM KENNEY continued with his explanation of gross error. 008 Questions and discussion regarding gross error. 010 JIM KENNEY explained that the wording of HB 2550 allows appeals from notification and removes the opportunity for later appeal. 023 REP. BURTON questioned the need for removing the notification of assessed value. 030 JIM KENNEY answered that the notification might be needed when moving into a fully rate based system. 048 JIM KENNEY explained HB 2550 does not change a current provision which allows for prior year's corrections. 051 REP. CLARK concurred that the notification of assessed value should remain in HB 2550. 065 REP. HOSTICKA interpreted DOR proposal as wanting to repeal limitations on peoples abilities to impact the department, emphasizing the double negatives in Section 32, which creates conditions under which the department can't make findings the taxpayer may want them to. 083 REP. SCHOON supported the language in Section 31 and Section 32 of HB 2550. 104 JIM SCHERZINGER explained the differences between Sections 31 and 32 in HB 2550. 122 GIL RIDDELL pointed out HB 2550 currently spans the time frame of appeal rights, and agreed with sunset idea commenting that supervisory power is no longer needed. 146 CHAIR JONES recapped the committee census as wanting a tax system change with rates phasing in over five year period, with an opportunity to work until next session. 156 REP. SCHOON explained why he opposed Sections 31 and 32 of HB 2550 pointing out a change could be made later and opposed sunset provision. 174 REP. PARKINSON and REP. WHITTY agreed with Rep. Schoon. 176 REP. HOSTICKA suggested the committee take the opportunity to make a good property tax system.

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190 MOTION Rep. Clark moved to restore language of ORS 306.115 in Section 32, Subsection 2 of HB 2550, except changing "assessment" year to "tax" year. 203 FRIENDLY AMENDMENT: Rep. Schoon offered a friendly amendment of restoring Section 31, of HB 2550 (do not repeal ORS 305.285), to the motion of Rep. Clark. 208 REP. CLARK accepted Rep. Schoon's friendly amendment. 218 Discussion. 231 REP. WHITTY favored motion as first stated by Rep. Clark. 259 CHAIR JONES referred to DOR outline showing sections repealed in HB 2550. Exhibit 8 267 JIM KENNEY explained ORS 309.115 and ORS 305.285 and the reason for proposed repeal. 303 JIM SCHERZINGER read ORS 309.115 which was enacted in the 1989 Legislative session. 340 Questions and discussion regarding ORS Statutes. 348 REP. PARKINSON suggested to remove friendly amendment until fully reviewed. 357 Questions and discussion regarding Rep. Parkinson's suggestion. 369 CHAIR JONES clarified Rep. Schoon's friendly amendment was part of Rep. Clark's motion. 385 VOTE In a roll call vote, Rep. Clark's motion as amended by Rep. Schoon was adopted (8-0). AYES: Rep. Nelson, Rep. Parkinson, Rep. Schoon, Rep. Whitty, Rep. Burton, Rep. Clark, Rep. Clarno, Chair Jones. EXCUSED: Vice

Chair Hosticka. 415 Discussion of HB 2550 issues. TAPE 69 SIDE A 001
Discussion of HB 2550 issues continued. .

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Marlene Stickley, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Draft LC 318, Carl Burgard, 2/26/90 - LC Drafts 2. Draft LC 2271, Heart of Oregon Coalition, 12/24/90 - LC Drafts 3. Draft LC 2738, Stu Rasmusen, 2/11/91 - LC Drafts 4. Draft LC 2896, Association of Oregon Counties, 2/14/91 - LC Drafts 5. Draft LC 3279, Oregon Restaurant Association and Oregon Lodging Association, 2/13/91 - LC Drafts 6. Measure 5 Implementation Issues as of 2/13/91, (see Exhibit 1 from 2/14/91 meeting) - HB 2550 7. Testimony, Associated Oregon Industries, (see Exhibit 4 from 2/11/91 meeting) - HB 2550 8. HB 2550 Table of Contents/Repealed Statutes, (see Exhibit 2 from 1/30/91 meeting) - HB 2550 9. Testimony, David Clarke, 2/9/91 - Miscellaneous 10. Testimony, Associated Oregon Industries, 2/13/91 - HB 2550

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