

February 20, 1991 8:00 AM Hearing Room A State Capitol Building .

Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair (excused 10:00) Representative Mike Burton Representative Kelly Clark (arrived 8:17) Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon Representative Jim Whitty

Staff Present: Jim Scherzinger, Legislative Revenue Officer Linda Leach, Committee Assistant

Witnesses Present: Jim Kenney, Department of Revenue Jim Gangle, Lane County Assessor Greg Sweek, President, Oregon Association of County Assessors, Morrow County Assessor Jerry Hanson, Washington County Assessor Gil Riddell, Association of Oregon Counties Elizabeth Stockdale, Department of Justice TAPE 76 SIDE A

005 CHAIR JONES called the meeting to order at 8:12 and conducted administrative business.

WORK SESSION HB 2550

009 REP. HOSTICKA addressed timing involved in an appeal process.

035 REP. JONES referred to the Early Appeal Proposal which is an attempt to provide taxpayers with an adequate opportunity for appeals. Exhibit 1

041 JIM KENNEY commented on changes made by the committee on an early appeal proposal and suggested testimony from county assessors to address problems and increased workloads.

071 GREG SWEET expressed concerns regarding early appeal timeframe.

092 CHAIR JONES clarified the concern of changing the appeal date from after receiving the tax bill to prior to receiving the tax bill.

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094 JIM GANGLE referred to a list of problems associated with the early appeal process proposed by the committee and noted a primary concern of time compression. Exhibit 2 133 Questions and discussion regarding new construction appraisal procedure. 154 JIM GANGLE continued presenting concerns. Exhibit 2 167 Questions and discussion regarding impact on Eastern Oregon in relationship to weather conditions and proposed appeal process compared to current law. 200 JERRY HANSON commented on assessor's routines. 219 GREG SWEET explained new construction inspections and "red tag" work for assessors and related problems associated with the proposed early appeal process. He commented that Morrow County is out of cycle and the proposal will probably extend that by one year. 242 REP. CLARNO reviewed the timeframe for county assessors comparing the current law diagram with the early appeal

proposal. Exhibits 1, 3 255 REP. JONES was concerned that a taxpayer have an opportunity to appeal property assessment value prior to receiving a tax bill and payment notice. 286 REP. BURTON questioned the work load and role of the county assessor in the appeal process. 296 JIM GANGLE commented on county assessor's primary role in the appeal process is to represent value placed on the tax roll. He provided examples of workload for Lane County (approximately 4000 appeals per year). 344 JIM GANGLE addressed moving appeal dates and discussed time compression. 382 JIM GANGLE continued with his written testimony regarding uncontested value concept. Exhibit 2 418 JERRY HANSON noted Washington County's priority is assessing new construction followed by appeals and reappraisal. TAPE 77 SIDE A 015 REP. CLARK commented on maintaining a January 1 property assessment date. 025 JERRY HANSEN commented on forecasting property values.

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032 REP. SCHOON questioned the argument of prospective valuation (January 1 or July 1 - both are prospective). 049 REP. SCHOON suggested a supplemental notice for new properties. 061 JERRY HANSEN commented on the current system and a backward review of data. 073 REP. SCHOON suggested two appeal periods and commented on a need to be reasonable for the counties and taxpayers. 090 Questions and discussion. 120 JIM GANGLE explained the assessor's concern with compressing a great deal of work in a short period of time. 164 JIM GANGLE expressed concern of duplicating work on personal property returns and added work during transition year. 188 CHAIR JONES clarified the value of property (under Measure 5) is for the entire tax year. She discussed property identification as of July 1 and a problem of projecting minimum value. 224 GREG SWEEK discussed declining property value in Morrow County and an increased workload. 240 Questions and discussion regarding alternatives to proposed early appeal process. 292 Questions and discussion regarding the assessor's timeframe and two appeal times. 362 JERRY HANSEN addressed the problem of forecasting. 385 Questions and discussion regarding alternatives to proposed appeal process. TAPE 76 SIDE B 003 JERRY HANSEN discussed problems associated with sending out Washington County's tax notice in November. 030 Questions and discussion regarding assessor workload and appeal process. 074 JIM GANGLE commented that trending is a concern, but forecasting is a larger problem. 084 CHAIR JONES clarified the terminology of trending and forecasting.

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084 JIM SCHERZINGER addressed the technical process of trending with the question of forecasting accuracy. 088 JIM GANGLE commented on a ratio study to determine the change in value. 100 GREG SWEEK commented that Morrow County taxpayers want the ability to appeal after receiving the value notice. 110 Discussion and questions follow regarding the appeal process. 122 JIM GANGLE was concerned about taxpayer's anticipated reduction in property taxes. He referred to bonded

indebtedness and interjected that a value notice with the tax statement provides opportunity for taxpayer response. 143 CHAIR JONES clarified the issue of when the taxpayer will have opportunity to appeal. 157 JIM SCHERZINGER commented that a taxpayer would not have an unlimited right to appeal and explained options under gross error and declining value appeal. 179 Discussion and questions follow regarding the appeal process. ,218 Questions and discussion regarding assessors cycle and HB 2338 (1989 Legislative Session). 285 CHAIR JONES conducted administrative business. She recessed the meeting at 9:28 and reconvened the meeting at 9:51. 304 CHAIR JONES requested input on the ability of a taxpayer to appeal prior to receiving tax bill. 314 JIM KENNEY suggested dates to allow more opportunity for appeal process and discussed three tax payment options. 362 CHAIR JONES clarified the proposal as suggested by Jim Kenney which will be reviewed at a future committee meeting. TAPE 77 SIDE B 001 CHAIR JONES conducted administrative business. 021 JIM SCHERZINGER reviewed the definition of educational services under Tax Calculation in Section 214 of HB 2550. He explained an issue of defining use of funds as educational service. He referred to a suggestion from Association of Oregon Counties that exemptions in HB 2550 are too broad and the definitions are too narrow.

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063 GIL RIDDELL expressed concern regarding exempt items under the definition of education services. He suggested clarifying language of "not sponsored by schools". 078 Questions and discussion regarding exemption examples. 088 CHAIR JONES pointed out that the definition will affect whether the state will replace revenue or if another unit of government is affected. 100 Questions and discussion regarding origin of Section 214 in HB 2550. 108 CHAIR JONES clarified two factors to review: 1) Sponsor of activity determines exemption. 2) Activity is the factor to determine exemption. 120 Questions and discussion. 144 JIM KENNEY referred to Section 214 on HB 2550 which defines what can be considered educational services and nonschool activities. 170 Discussion and questions follow regarding Sections 213-214 of HB 2550 (budget process and identification of school and non-school categories). 242 CHAIR JONES used an example of a swimming pool to clarify concerns of a particular activity being a function of a school district. 280 ELIZABETH STOCKDALE explained a need to define educational services and other services. 320 Questions and discussion. 348 ELIZABETH STOCKDALE addressed an issue of exclusive use of revenue and a reason for definitions in determining the limitation. Measure 5 does not clarify what to do with mixed functions and there is a need to identify items as school or non-school activities. TAPE 78 SIDE A 001 Questions and discussion regarding sponsor of an activity. 020 Questions and discussion regarding amending Section 212 of HB 2550 regarding a specific levy for a specific purpose. Chair Jones noted agreement from the committee. 053 Questions and discussion regarding a small community with one library with reference made to Section 214 in HB 2550.

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Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY 1. Early Appeal Proposal, LRO, 2/18/91 - HB 2550 2. Problems Associated with "Early Appeal Proposal", Oregon Association of County Assessors, 2/20/91 - HB 2550 3. Current Law, LRO, 2/18/91 - HB 2550 4. Measure 5 Implementation Issues, LRO, 2/16/91 (See Exhibit 10 from 2/19/91 House Revenue Meeting) - HB 2550 5. Summary of Revenue Impacts (corrected), LRO, 2/11/91 - HB 2550

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