

March 5, 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 Linda Leach, Committee Assistant Witnesses Present: Kim Worrell, Association of Oregon Counties Jim Kenney, Department of Revenue Dolores Devine, Retired Tax Collector TAPE 101 SIDE A 005 CHAIR JONES called the meeting to order at 8:07 as a subcommittee until a quorum was reached at 8:09. She conducted administrative business and reviewed areas of discussion for today's meeting. WORK SESSION - HB 255 0 CALCULATION OF TAX RATE 030 JIM SCHERZINGER referred to Sections 221, 222 and 223, page 110 of HB 255 0 which deals with the tax rate calculation. He explained these sections are basically the same as the current tax calculation which is to divide the levy by the value of the district which equals the rate. The rate is extended on all property and then the Measure 5 limits are imposed. 049 Questions and discussion. 067 JIM SCHERZINGER pointed out a concern from the Association of Oregon Counties on the truncation of the rate. 070 KIM WORRELL suggested the decimal place be left open which allows for a more accurate system.

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082 Questions and discussion. 101 JIM KENNEY agreed that it would be appropriate to leave open the decimal place. 115 Questions and discussion. 135 MOTION Rep. Clark moved to delete the words "to the hundredth of a cent" and put a period after "value" on lines 13 and 14, page 110 of HB 255 0. 140 ORDER There being no objection, Chair Jones so ordered. 132 JIM SCHERZINGER pointed out in Section 223, subsection 3, lines 38-40, and noted this language will be restored and brought to the committee with offset amendments. DEFINITION OF PROPERTY UNIT 145 JIM SCHERZINGER explained that the definition of property unit is in Section 215 of HB 2550. 149 CHAIR JONES pointed out a concern from the Oregon Farm Bureau regarding definition of property unit. 160 JIM SCHERZINGER related a request from Association of Oregon Counties to add the word "contiguous" on line 11. He reviewed Section 216 which deals with partial exemptions and specially assessed property and how the assessed value relates to real market value. He pointed out a concern of the Oregon Farm Bureau relating to Section 216 which will be reviewed by the subcommittee on property taxation. 185 CHAIR JONES pointed out the definition of unit of property impacts at what point the rate cap is determined. 196 JIM SCHERZINGER provided an example where a property may be divided into two accounts related to suggested language of "contiguous" property (single integrated purpose category). Questions and discussion interspersed. 283 REP. CLARK cautioned the committee regarding an impact from the land use laws in determining single integrated purpose. 302 Questions and discussion regarding two tax

bills for one piece of property. 360 Questions and discussion regarding a need to define property.

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TAPE 102 SIDE A 013 Questions and discussion regarding property zoning and special assessments affecting a portion of property. 059 REP. CLARK was concerned with impact on property value because of language in Section 215. 062 Questions and discussion. 072 CHAIR JONES summarized issues for purposes of the limit as to whether certain property is considered one property or two properties. Another issue is the value of the land and how that might be impacted if considered one or two parcels. She questioned if the proposal changed the current practice in relationship to the land value. 081 KIM WORRELL pointed out that a code line does not impact the appraisal. The assessor would be required to appraise each parcel individually if the contiguous property definition is removed which results with two parcels because of a code split and would probably increase the value. 102 KIM WORRELL reviewed tax lot impact from line tax codes. 124 Questions and discussion regarding single integrated purpose and the definition of property. 197 KIM WORRELL pointed out the definition in HB 2550 with the addition of the word "contiguous" will allow for current practice in terms of appraisal process. 210 Questions and discussion regarding appraisal process for integrated properties. 266 KIM WORRELL urged the committee to provide a definition of property. 297 REP. SCHOON questioned why a change was needed from current practice relating to the definition of property. 304 Questions and discussion. 306 REP. CLARNO was concerned with zoning and any impact on valuation from "contiguous" property. 317 KIM WORRELL said the definition should not change current practice regarding zoning. 340 Questions and discussion. 378 KIM WORRELL explained a current practice for property valuation.

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Page 4 394 KIM WORRELL explained current requests to combine tax lots. TAPE 101 SIDE B 014 CHAIR JONES asked for input regarding the definition in Section 215 with the addition of "contiguous". 027 REP. HOSTICKA was concerned about property separated by a road or river and that language of "contiguous" would not cause a problem. ,040 JIM KENNEY explained a definition of contiguous which should cover the concern of Rep. Hosticka. 050 REP. SCHOON suggested language for parcels appraised as one unit for purposes of the limit. 064 JIM KENNEY explained that the suggestion from Rep. Schoon is the intent of this section (the basis for testing the limit). 069 CHAIR JONES suggested to use language for purposes of the limit (not appraisal purposes). If property is appraised as a single unit then the rate limit would apply as appraised. 075 REP. SCHOON agreed with Chair Jones. 080 CHAIR JONES summarized a consensus of the committee that Section 215, subsection (1) is for the purposes of imposing a limit under Section 11b, Article 11 of the Constitution and should follow current appraisal practices. 086 KIM WORRELL suggested at the end of line 11 add "and appraised". 095 MOTION Rep. Schoon moved adoption of adding language of "add appraised" at the end of line 11 in

Section 215, page 108 in HB 2550. 101 FRIENDLY AMENDMENT Chair Jones added a friendly amendment to Rep. Schoon's motion to add "contiguous" between "all" and "property" on line 11 in Section 215. 101 REP. SCHOON accepted Chair Jones' friendly amendment. 105 ORDER There being no objection, Chair Jones so ordered Rep. Schoon's motion with friendly amendment. 100 JIM SCHERZINGER referred to Section 215, subsection 2 of HB 2550 which deals with special assessed property with regard to the definition of the property unit which is different from Section 216.

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 March 5, 1991 Page 5 109 CHAIR JONES suggested that Section 215, subsection 2 of HB 2550 be discussed in the Subcommittee on Property Taxation. 114 JIM SCHERZINGER reviewed Section 215, subsection 3 regarding timeshares. 122 JIM KENNEY interjected that subsection 3 reflects the current appraisal practice for timeshares. 143 REP. CLARK questioned a reference to "intangible property" component in subsection 3 HB 2550. 150 JIM KENNEY commented on a 20% rebuttable presumption in the law relating to intangible property. 157 CHAIR JONES suggested to reference the 20% rebuttable presumption in current statute in Section 215, subsection 3. 161 JIM SCHERZINGER reviewed Section 215, subsections 4 and 5 of HB 2550. 175 Questions and discussion. 181 CHAIR JONES noted no objections to Section 215, subsections 4 and 5. She recessed the meeting at 9:15 and reconvened the meeting at 9:35. TAX STATEMENT 206 JIM SCHERZINGER reviewed Sections 238 and 239 in HB 2550 on page 117 which deal with the tax statement. 211 JIM KENNEY referred to the current tax statement and a draft of the new tax statement which will provide all information required by Ballot Measure 5. He pointed out the appeal notice language will be added to the back of the tax statement. Exhibits 1, 2 230 CHAIR JONES did not want the appeal instructions on the back of the statement. 240 JIM KENNEY reviewed information provided to taxpayers regarding extent of taxes and compression because of Measure 5 limits. Exhibit 2 310 Questions and discussion regarding value change notice. 326 Questions and discussion regarding draft tax statement and portion entitled 1991-92 Taxing District Detail which is proposed on page 118 of HB 255 0.

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354 REP. CLARNO suggested an explanation of why schools are listed in more than one category. 370 CHAIR JONES and JIM KENNEY agreed with Rep. Clarno's suggestion. 375 Questions and discussion regarding print color. TAPE 102 SIDE B 006 Questions and discussion regarding actual size of tax statement ,and capabilities of counties to print on oversized paper. 055 CHAIR JONES suggested a reference to appeal rights must be clear. 070 Questions and discussion. 097 REP. CLARNO was concerned that counties have ability to use their current printing system and accommodate oversized paper. 134 Questions and discussion. STATUTORY TAX RATE LIMITS 143 JIM SCHERZINGER referred to Measure 5 Implementation Issues (as of 2/16/91) and pointed out HB 2550 sections listed under statutory tax rate limits (current statutory limits on

certain districts' tax rate). He explained that the sections in HB 2550 change those limits to be based on real market value, instead of true cash value. (see Exhibit 5 of 2/19/91 House Revenue Meeting - page 3) 180 CHAIR JONES emphasized that there are no policy issues in the sections described by Jim Scherzinger. 190 CHAIR JONES indicated that special assessed properties would be dealt with in the Subcommittee on Property Taxation. CORRECTIONS AND OMISSIONS 195 JIM SCHERZINGER referred to Section 198 of HB 2550 relating to corrections and omissions and reviewed amendments from the Department of Revenue. Exhibit 3 248 JIM SCHERZINGER noted Sections 198 and 199 relate to other sections in HB 2550 and are not policy issues. Sections 198 and 199 deal with actions from the Board of Equalization to reduce values or other types of corrections to the roll. He explained that the committee has already removed some items in Section 198 and gave the 10% value range as an example and pointed out a name change back to the Board of Equalization.

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207 DOLORES DEVINE addressed the concern of Chair Jones and pointed out

the counties requested the change to quarterly payments. 225 Questions and discussion. 250 CHAIR JONES was more comfortable with language in Sections 247 and 248. 264 JIM SCHERZINGER reviewed allocation of loss to multiple levies in Section 219 of HB 2550, page 109, Section 219 and pointed out new language. 280 Questions and discussion regarding budget flexibility as a result of language in Section 219. 310 CHAIR JONES was not comfortable with new language in Section 219 and requested more information. 325 KIM WORRELL explained the new language allows taxing districts to make budget adjustments for unanticipated losses because of Measure 5. He provided an example how this would allow flexibility for adjusted funds. 340 Questions and discussion. 363 CHAIR JONES was still not comfortable with new language in Section 219. 391 JIM SCHERZINGER reviewed Section 390, page 208 of HB 2550 which deals with road assessments. He reviewed current law and explained road assessments would be subject to compression. 426 Questions and discussion. 450 REP. CLARNO questioned why a change was needed for road assessments. 464 CHAIR JONES was not convinced of a need for a change regarding road assessments. TAPE 104 SIDE A 032 CHAIR JONES conducted administrative business and adjourned the meeting at 10:50.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

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