

May 17, 1991 9:00 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: Steve Meyer, Legislative Revenue Office Terry Drake,
Legislative Revenue Office Linda Leach, Committee Assistant Witnesses
Present: Jim Wilcox,, Department of Revenue Doris Reddekopp, Douglas County Keith Reisman, Douglas County Mike Dewey, Oregon Cable Television Association David Canary, Attorney, Portland, Oregon Cable Television Association Representative Marie Bell, District 41 Randy MacDonald, Eugene City Councilor Rich Wyman, City of Eugene John Hubbard, Neighborhood Economic Development Corp. TAPE 196 SIDE A 005 CHAIR JONES called the meeting to order at 9:09. WORK SESSION - HB 3050 005 CHAIR JONES announced a working group for HB 3050 consisting of Rep. Clark, Rep. Whitty, Rep. Clarno, Association of Oregon Industries, Department of Revenue and Association of Oregon Counties. WORK SESSION - HB 255 6 030 CHAIR JONES referred to testimony from Douglas County and Jackson County. Exhibits 1, 2 . . . 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 May 17, 1991 Page 2

035 STEVE MEYER explained HB 2556 would make cable television services subject to the centrally assessed statutes by the Department of Revenue (DOR). He referred to Proposed Amendments HB 2556-1, 5/15/91, which provides appraisal by the Department of Revenue, but not within the centrally assessed statutes (line 15). Exhibit 3 056 Questions and discussion regarding centrally assessed statutes. 072 STEVE MEYER referred to Comparisons of two options for assigning cable TV to the DOR which was presented to the Subcommittee on Property, Taxation. He reviewed the Fiscal Analysis HB 2556. Exhibits 4, 5 092 JIM WILCOX reviewed HB 2556 and provided examples of centrally assessed "utility type" properties. The Proposed Amendments HB 2556-1 would place the property in the category similar to industrial property. He gave examples of the industrial category. 112 JIM WILCOX referred to Comparisons of two options for assigning cable TV to the DOR. Exhibit 4 130 REP. PARKINSON reviewed testimony (for and against) in the Subcommittee on Property Taxation. 140 JIM WILCOX reviewed his Comparison handout. Exhibit 4 150 Questions and discussion regarding property definition in Comparison handout. Exhibit 4 155 JIM WILCOX explained a current debate/law suit involved the definition of property (Centrally Assessed "Utilities" compared to Centrally Appraised "Industrial Property"). He explained HB 3050 involves a debate regarding intangibles. The Department of Revenue argues there is a "slight" difference between the two definitions. 158 Questions and discussion regarding an effect on proposed centrally assessed cable television from HB 3050. 165 JIM WILCOX continued his review of the Comparison handout (Value apportioned). The effect of Proposed Amendments HB 25561 would apportion value to the location of the cable television company (serve customers and property located) rather than their headquarters. 184 Questions and discussion regarding appraising cross county boundaries of television cable companies. 180 REP. WHITTY noted the most valid argument for central assessment of cable television companies is the

intercounty situation. 207 Questions and discussion regarding a unique situation of cable television companies.

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215 JIM WILCOX continued with his review of Comparisons handout (Appeals, Appraisal Methodology, Election). 228 JIM WILCOX related the effect of line 15 in Proposed Amendments HB 255 6-1 would deny ORS 308.411 (an option to cable television companies industrial company can elect not to be appraised using income approach). 234 Questions and discussion regarding ORS 308.411 and competitive situations. 245 JIM WILCOX continued his review of Comparison handout (Acceptance of Methodology). Exhibit 4 243 JIM WILCOX clarified Proposed Amendments HB 2556-1 would not allow ORS 308 .411 option to cable television and the DOR would consider using the income approach. He noted the Department of Revenue does not have a cable tv expert. 259 Questions and discussion regarding HB 2556-1 Proposed Amendments (requested by Rep. Parkinson and additions made by Legislative Counsel-Line 15). 266 Questions and discussion regarding the use of an income approach which would place a value on the customer list and factors for assigning value. 320 REP. NELSON referred to testimony from Douglas County and he read 1A. He questioned if a concern noted in 1A would be reduced if cable television companies were centrally assessed. Exhibit 1 350 Questions and discussion regarding testimony from Douglas County. 372 CHAIR JONES reviewed the issue before the committee: Is there a legitimate reason for cable television companies to be assessed by the Department of Revenue. If the answer is "yes", then under what statute should cable tv be assessed (utility annually or appraised centrally as an industrial property). 370 REP. PARK added that the option under ORS 308.411 is an important issue (which was deleted with Proposed Amendments HB 2556-1). 374 Questions and discussion regarding definition of "centrally appraised" or "centrally assessed". 389 REP. HOSTICKA addressed the rapid change in the cable television industry which may be a reason for assessment by the Department of Revenue.

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Page 4 TAPE 197 SIDE a 005 DORIS REDDEKOPP reviewed her support of HB 2556 which will provide equity and uniformity for the appraisal of cable television companies. She provided examples from Douglas County. She noted support of either HB 2556 (centrally assessed-utilities) or HB 2556-1 (centrally appraised-industrial). 037 Questions and discussion regarding lack of information from cable companies and a possible increased value if cable companies become ,centrally assessed. 044 KEITH REISMAN addressed concerns raised by Rep. Nelson in relation to the testimony from Douglas County. Exhibit 1 050 KEITH REISMAN explained issues relating to statewide equity (similar methodology, interstate and intercounty situations). He supported HB 2556 or HB 2556-1 Proposed Amendments, but requested the committee retain lines 15 and 16 in the amendments. 078 Questions and discussion. 101 Questions and discussion regarding assessment of cable television at the local level, different manner to tax, and different rates. 127 MIKE DEWEY

introduced David Canary. 138 DAVID CANARY noted a court case involving Douglas County, Jones Intercable v. Department of Revenue which is scheduled for a trial on December 3, 1991. 143 MIKE DEWEY explained cable television companies opposed to be centrally assessed as a utility. He reviewed four reasons why he believed HB 2556 is before the committee: 1) Disparity of values across the state. He discussed a range of values is appropriate and gave examples. 2) Various counties are not receiving information from cable television companies. He supported sanctions to companies which do not provide information. 3) Counties appear to lack expertise in the field of assessing cable television companies. Mike Dewey believed county assessors have the best knowledge of the numbers and sizes of companies locally. 4) Cable television crosses state and county lines. Mike Dewey believed the numbers were few and should not be an overriding factor. 191 Questions and discussion regarding cable television signals (from various sources, quality of service). 243 REP. PARKINSON believed a standard for assessment would be in the best interest of the cable television companies.

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 May 17, 1991 Page 5 260 DAVID CANARY referred to his testimony presented to the Subcommittee on Property Taxation on May 2, 1991. He addressed issues of increased assessment, intangibles, current litigation and related examples. He summarized his testimony. Exhibit 6 343 CHAIR JONES questioned Mike Dewey's support of Proposed Amendments to HB 2556-1 with the deletion of lines 15 and 16. 350 MIKE DEWEY responded and noted his support. 352 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 2556-1, 5/19/91 with the deletion of lines 15 and 16. 356 DISCUSSION 360 Committee at ease from 10:03 - 10:08. TAPE 196 SIDE B 046 CHAIR JONES repeated Rep. Parkinson's motion. 060 REP. BURTON was concerned with the fiscal impact from HB 2556. 069 VOTE In a roll call vote, the motion was adopted (5-3). AYES: Reps. Parkinson, Schoon, Burton, Clark, Jones. NAYS: Reps. Whitty, Clamor Nelson. Absent: Rep. Hosticka. 074 MOTION REP. PARKINSON moved HB 2556 as amended to the floor with a do pass recommendation. 080 VOTE In a roll call vote, the motion failed (3-5). AYES: Reps. Schoon, Parkinson, Jones. NAYS: Reps. Whitty, Burton, Clark, Clarno, Nelson. Absent: Rep. Hosticka. WORK SESSION - HB 2419A 112 UNANIMOUS CONSENT CHAIR JONES requested unanimous consent to suspend the rules and reconsider the vote on HB 2419A. 115 ORDER There being no objection, CHAIR JONES so ordered. 120 CHAIR JONES explained HB 2419A passed the House Revenue and School Finance (5/6/91) with a do pass recommendation and referred to Ways and Means Committee. Ways and Means Committee does not want HB 2419A and Speaker Campbell has requested House Revenue Committee send HB 2419A to the floor.

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 May 17, 1991 Page 6 129 MOTION REP. PARKINSON moved HB 2419A as amended to the floor with a do pass recommendation. 133 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps. Whitty, Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Jones. EXCUSED: Rep. Hosticka. PUBLIC HEARING - HB 3416 157 STEVE MEYER explained HB 3416 relates to rental housing for low income families (1989 legislation). HB 3416 provides two revisions: 1) Changes the level of low income families qualifying for

rental property from an income limit of 50% of median to 80%. 2) Section 2 allows the governing body approving the application to determine the length of exemption (rather than the current 10 years). 171 CHAIR JONES commented that HB 3416 is from the House Committee on Housing and Urban Development. 173 REP. BELL supported HB 3416 and reviewed work from the House Committee on Housing and Urban Development regarding Oregon's housing situation. She related the conclusion from the Housing committee of a broad base support for low income housing. She discussed current law of a 10 year exemption period and noted difficulties relating to financing when exemptions cannot be guaranteed for longer than 10 years. The increased 80% of median income eligibility provides local officials with flexibility. 212 STEVE MEYER explained the 1989 provisions made the exemption available to "for profit" corporations wanting to develop low income housing. 218 CHAIR JONES was concerned with a number of bills from the House Committee on Housing and Urban Development and a complete picture of the package of housing bills (rather than in pieces). 236 Questions and discussion. 243 Questions and discussion regarding fiscal impact (loss to local governments). REP. BELL related examples of county officials dedication to low income housing. Exhibit 7 266 REP. SCHOON gave his background with the Salem Housing Council and his support of federal funds spent on low income housing. He did not support tax exempt housing because of the cost of administration, and the "significant" increase of taxes to others. He provided examples. 295 Questions and discussion. 300 RANDY MAC DONALD supported HB 3416 and summarized his prepared testimony. Exhibit 8 , 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 May 17, 1991 Page 7

330 RICH WYMAN explained that the current 10 year property exemption has little use because of the 10 year limit which is a "roadblock" in terms of financing. He addressed the proposed increase of 80% of median income (consistent with other HUD programs). He supported HB 3416. 382 REP. SCHOON requested the total dollar value of the property exempted from tax rolls in the City of Eugene for low income housing. 386 RANDY MAC DONALD estimated \$2-3 million of assessed value out of , \$4 billion. 400 JOHN HUBBIRD supported HB 3416 and summarized his prepared testimony and discussed his concerns relating to "a lease to own" program. Exhibit 9 418 REP. SCHOON questioned the number of low housing units in Eugene (he did not believe the numbers provided earlier were accurate). 436 Questions and discussion. 454 CHAIR JONES adjourned the meeting at 10:35.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager

EXHIBIT SUMMARY 1. Testimony from Douglas County, 5/13/91 - HB 2556 2. Testimony from Jackson County, 5/15/91 - HB 2556 3. Proposed Amendments HB 2556-1, 5/15/91, LRO - HB 2556 4. Comparison of two options for assigning cable TV to the DOR, 5/17/91, DOR - HB 2556 5. Fiscal Analysis HB 2556, 5/1/91, LFO - HB 2556 6. Testimony from David Canary, 5/2/91 - HB 2556 7. Fiscal Analysis HB 3416, 5/6/91, LFO - HB 3416 8. Testimony from Eugene City Council, 5/17/91 - HB 3416 9. Testimony from Neighborhood Economic Development Corp, 5/17/91 - HB 3416 - 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.