

Tapes 202 (A) Public Hearing and Work Session: SB 83 HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE May 22, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair (excused at 8:32 a.m.) Representative Carl Hosticka, Vice-Chair Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Members Excused: Representative Mike Burton Staff Present: Steve Meyer, Legislative Revenue Office Betty Shuholm, Committee Assistant

Witnesses Present: Charles E. Gehley, Oregon Dept. of Veterans Affairs Kim Worrell, Assn. of Oregon Counties

TAPE 202. SIDE A

005 CHAIR DELNA JONES called the meeting to order at 8:07 a.m.

008 CHAIR JONES called attention to the summary of the Replacement Revenue Hearing, May 4, 1991, which was prepared by the Legislative Revenue Office. Exhibit 1

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022 CHARLES GEHLEY testified in support of SB 83, which extended the sunset on Chapter 174, Oregon Laws 1987 from January 1, 1992 to January 1, 1996. Exhibit 2

051 REP. PARKINSON inquired about the procedure used in working with the counties to avoid the use of farm deferral.

053 CHARLES GEHLEY replied that each January a list was sent to the county of the farm loan accounts and notification was requested of any action pending. The DVA then notified the property borrower of the potential loss. When the DVA repossessed farm property, the taxes automatically became due.

076 REP. SCHOON questioned the purpose of the original law.

117 REP. PARKINSON observed that his understanding had been that there would be a tax liability only when changing use.

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 22, 1991
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120 REP. JONES stated concern that the statute should be changed where the change of use would trigger the deferred taxes and not the change of ownership. 126 CHARLES GEHLEY recalled that zoning laws had permitted land use to continue without payment of deferred taxes. 143 STEVE MEYER stated the DVA had asked to be treated like any other lending institution so that property would not become exempt on foreclosure. The DVA would pay the farm deferred taxes and would not, be required to pay the accumulated deferred taxes. 161 KIM WORRELL testified in support of SB 83, giving some background to the purpose of the statute. The proposed legislation containing the sunset clause was a temporary special treatment. 187 REP. PARKINSON summarized that if a potential

buyer knew there was a penalty due then it would lower the value of the property by that amount to the DVA. 193 KIM WORRELL testified this would also apply to other exempted property such as churches or lodges. The state agencies were considered to be automatically exempt which automatically triggered a disqualification. This legislation would solve that problem. 247 KIM WORRELL stated that prior to the passage of the act if DVA took ownership of land through foreclosure, it was exempted immediately. When the value of farmlands dropped during the early 1980s, the automatic exemption triggered a disqualification. To solve the problem, if the land was being farmed and would continue to be farmed, the DVA would pay taxes and the land would remain under the special assessment rather than being exempt. Discussion followed. 274 REP. HOSTICKA stated the reason property was exempt, was not the ownership of the property but the use of the property. If it were not changing use, there was question why ownership would trigger the penalty. 284 KIM WORRELL replied there was a need for a clause that if a property became exempt the deferred taxes should be paid. Large church-owned properties were being farmed and receiving farm use assessment without being disqualified. 297 REP. JONES questioned whether there was a need for the original statute. There was no real reason for the back taxes to be triggered just because there was a change of ownership to a potentially exempt owner, if the use of the land had not changed and application had not been filed for an exemption.

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304 KIM WORRELL reviewed the special treatments in the proposed legislation that was needed by the DVA. 377 WORK SESSION - SB 83
380 MOTION: REP. SCHOON moved SB 83 to the floor with a do-pass recommendation. 390 VOTE: In a roll call vote, the motion passed 7-0. Members voting aye: Representatives Clarno, Nelson, Parkinson, Schoon, Whitty, Clark, Hosticka. Excused: Representatives Jones, Burton. 403 ACTING CHAIR HOSTICKA adjourned the meeting at 8:35 a.m.

Betty Shuholm, Committee Assistant

Kimberly Taylor, Office Manager Exhibit Summary: 1. Replacement Revenue Hearing summary, 5/17/91, LRO - Miscellaneous 2. Testimony from Charles Gehley - SB 83 3. Staff Measure Summary - Legislative Revenue Office - SB 83 4. Revenue Analysis - SB 83 5. Fiscal Analysis - SB 83 6. Staff Measure Summary - Business & Consumer Affairs - SB 83 7. Chapter 174, ORS - SB 83

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