

T~pes 1-2 (A/B)
Public Hearing:
HB 3048
Work Session:
HB 2550

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON PROPERTY TAXATION

March 1, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Fred Parkinson, Chair
Representative Kelly Clark
Representative Carl Hosticka
Representative Delna Jones (arrived 8:40, departed 9:45)
Representative Jim Whitty

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

Witnesses Present: Steve Smith, Deputy State Treasurer
Jim Shannon, Chair, Municipal Debt Advisory
Commission (MDAC)

Bob Muir, Department of Justice
Elizabeth Stockdale, Department of Justice

TAPE 1 SIDE A

005 CHAIR JONES called the Subcommittee on Property Taxation to order at 8:08. She acknowledged members present from the Subcommittee on Income Taxation (Rep. Burton, Rep. Schoon). She conducted administrative business and discussed the issues of the subcommittees.

026 Questions and discussion regarding committee schedule and Income Subcommittee members departed for their meeting.

058 CHAIR PARKINSON conducted administrative business.

060 JIM SCHERZINGER reviewed Property Tax Subcommittee Issues. Exhibit 1

111 Questions and discussion.

PUBLIC HEARING - HB

304 8

124 STEVE SMITH pointed out HB 3048 incorporates recommendations from MDAC and does not attempt to go beyond Measure 5. Also, the bill places all local entities on the same footing with respect to financing capabilities and enhances their credit quality which will result in taxpayer savings because of lower interest rates. He referred to Proposed Amendments HB 304 8-1 and pointed out the addition of an emergency clause. He referred to minutes from the MDAC December 18, 1990 meeting. Exhibits 2,3

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 Subcommittee on
Property Taxation
March 1, 1991 Page 2

164 JIM SHANNON reviewed recommendations from the MDAC as presented in HB 304 8. Exhibit 4

242 BOB MUIR referred to Proposed Amendments HB 3048-1 which are similar to the Hand Engrossed HB 3048 presented to the full committee. He noted the section on definitions is proposed to be eliminated from HB 3048 and will be brought up under HB 2550.

,254 Questions and discussion regarding definitions relating to HB 2550.

284 ELIZABETH STOCKDALE reviewed HB 2550 Amendments from HB 3048 which

represents how material originally in HB 3048 could fit into HB 2550 (Section 210-Definitions). Exhibit 4

TAPE 2 SIDE

A

010 Questions and discussion regarding examples of direct control of ownership.

024 ELIZABETH STOCKDALE continued her review of HB 2550 Amendments From HB 304 8 regarding incurred charge exception.

040 Questions and discussion.

060 ELIZABETH STOCKDALE reviewed specific request definition. Exhibit 5

113 Questions and discussion regarding specific request language and change in property ownership.

145 REP. CLARK was comfortable with the language regarding specific request as long as a subsequent property owner has no more difficulty terminating the incurred charge than the original property owner.

160 Questions and discussion regarding an affirmative act.

182 CHAIR PARKINSON commented on local ordinances and area traditions.

189 Questions and discussion regarding rewriting local ordinances to provide choices as needed.

221 CHAIR PARKINSON noted consensus from the subcommittee regarding the definition of specific request.

212 ELIZABETH STOCKDALE reviewed capital construction definition on page 4 of Hand Engrossed HB 3048 and pointed out language of "furnishings" and "existing structure" and referred the members attention to page 3 of HB 255 0 Amendments From HB 3048. Exhibits 5,6

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 011

Revenue and School Finance Subcommittee on

Property Taxation

March 1, 1991 Page 3

290 Questions and discussion.

318 JIM SHANNON commented on furnishings included in the financing cost of capital construction which should be outside the limits of Measure 5.

337 ELIZABETH STOCKDALE pointed out that Section 6 of HB 3048 is being deleted in amendments from the Treasurer which deals with systems development charges. She commented that a definition of direct ownership of property is under review at the Department of Justice.

390 ELIZABETH STOCKDALE explained the effects on systems development charges would provide guidance in the definition of direct consequence of ownership in order for local governments to draft ordinances to come under incurred charges or something other than tax on property. She pointed out the way in which local governments reflect charges and services would be compatible with language in current statutes.

TAPE 1 SIDE

B

020 BOB MUIR pointed out the definition of direct consequence of ownership should help local governments understand how a charge is imposed.

WORR SESSION - HB

255 0

035 MOTION Rep. Clark moved recommendation to the full committee of the Department of Revenue amendments dated February 28, 1991 - HB 2550 Amendments from HB 3048.

041 Questions and discussion regarding an emergency clause and committee procedures.

070 ORDER There being no objection, Chair Parkinson so ordered.

071 Subcommittee at ease from 9:09 - 9:10.

APPEALS

089 ELIZABETH STOCKDALE reviewed the appeal process as presented in HB 2550 on page 16, beginning with Section 25. Section 25 provides that the tax court has exclusive jurisdiction over questions arising under Measure 5 with respect to whether a tax, fee, charge or assessment imposed by a local government unit is subject to the limit. She reviewed the appeal process which is an adaptation of the current local budget law (ten taxpayers petition tax court, trial process, order refund process). She reviewed Section 27 which relates to bonds.

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 Subcommittee on
Property Taxation
March 1, 1991 Page 4

218 Questions and discussion regarding appeal process to tax court and proposals.

238 JIM SHANNON commented on the differences between HB 2550 and HB 3048 regarding appeal proposals.

260 Questions and discussion regarding two exclusive proposals (taxpayers and municipality).

TAPE 2 SIDE B

030 Questions and discussion regarding procedural issues and ORS Chapter 33.710.

055 Questions and discussion regarding a possible judicial issue and procedures for allowing Judiciary Committee review a portion of HB 3048.

PRIVATE RAIL CAR TAX

145 JIM SCHERZINGER referred to Section 156 on Page 82 of HB 2550. He explained the current law for taxing private rail cars and pointed out that Section 156 of HB 2550 adjusts the law to place private rail car tax under the limits of Measure 5.

168 Questions and discussion regarding revenue distributed to counties by Department of Revenue from private rail car tax (proportional distribution).

206 JIM SCHERZINGER explained HB 2550 does not change the distribution of revenue from private rail car tax. Section 156 imposes the Measure 5 limits and he reviewed the distribution of revenue to the county school fund and the county general fund.

222 Questions and discussion.

239 MOTION Rep. Whitty moved to restore Section 156 to HB 2550.

242 ORDER There being no objection, Chair Parkinson so ordered.

241 Questions and discussion regarding subcommittee procedures and issues relating to 3% property tax discount, amusement device tax, and timber taxation.

311 JIM SCHERZINGER pointed out that the private rail car tax in 1989/90 raised \$196,000.

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
Subcommittee on
Property Taxation
March 1, 1991 Page 5

320 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 9:56.

Linda Leach, Committee Assistant

Kimberly Taylor, Office
Manager

EXHIBIT SUMMARY

1. Property Tax Subcommittee Issues, LRO, 3/1/91 - HB 2550
2. House Bill 3048, Proposed Amendments HB 3048-1, State Treasurer,
2/28/91- HB 3048
3. Minutes from December 4, 1990 MDAC meeting - HB 3048
4. Summary of Recommendations, MDAC, 3/1/91 - HB 3048
5. HB 2550 Amendments from HB 3048, DOR, 2/28/91 - HB 3048
6. Hand Engrossed HB 3048, MDAC (See Exhibit 3 from 2/21/91 House
Revenue Meeting) - HB 2550 (issue became HB 3048)

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.