

Tapes 5-6 (A/B)
Work Session: HB
255 0

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON PROPERTY TAXATION

March 7, 1991 8:00 AN Hearing Room 357 State Capitol Building
Members Present: Representative Fred Parkinson, Chair
Representative Kelly Clark (arrived 8:20)
Representative Carl Hosticka
Representative Delna Jones (arrived 9:02)
Representative Jim Whitty

Other Member

Present: Representative Bev Clarno (arrived 9:00, departed 9:3~)
Staff Present: Jim Scherzinger, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
Linda Leach, Committee Assistant

Witnesses Present: Elizabeth Stockdale, Department of Justice
Gary Carlson, Association of Oregon Industries
Kip Lombard, Oregon Water Resources Congress
Don Schellenburg, Oregon Farm Bureau
Doug Ebner, Marion County Assessor
Kim Worrell, Association of Oregon Counties
Jim Kenney, Department of Revenue

TAPE 5 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:14 and conducted administrative business.

WORK SESSION - HB 2550 - DEFINITIONS

015 ELIZABETH STOCKDALE reviewed House Bill 2550 Definitions Section 210. Exhibit 1

Questions and discussion interspersed.

111 ELIZABETH STOCKDALE pointed out a correction on page 3, lines 41 and 43 under definition of exempt bonded indebtedness, after "incurred" insert "or to be incurred" in order to be consistent with the language / in Ballot Measure 5. Another correction on line 3 of page 3, insert subsection (15) instead of subsection (5). She noted a correction on page 6, Section 212 should read Section 214. Exhibit 1

127 ELIZABETH STOCKDALE continued with her review of definitions and referred to Educational Services. Exhibit 1

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150 Questions and discussion.

166 GARY CARLSON pointed out the definition of property in handout from Elizabeth Stockdale covers a prior concern of AOI.

174 Questions and discussion regarding concerns from a rural telephone company.

185 Questions and discussion regarding a prior concern of AOI regarding intangibles and the reasoning behind Department of Revenue including intangibles.

TAX ON PROPERTY

231 MOTION

Rep. Whitty moved adoption of the definition of

tax on property.

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

BONDED INDEBTEDNESS

237 KIP LOMBARD pointed out a previous concern from Oregon Water Resource Congress regarding statutory federal contracts included in bonded indebtedness definition, however, the testimony from Elizabeth Stockdale addressed this concern. He questioned the word "certificate" and pointed out it may be too narrow. He suggested to add "or contract".

271 ELIZABETH STOCKDALE agreed with Kip Lombard regarding the language of "certificate" being too narrow.

287 Questions and discussion.

297 REP. HOSTICKA interjected his preference for contract meaning to be narrow and provided an example of a possible problem.

EDUCATIONAL SERVICES

331 MOTION Rep. Whitty moved adoption of educational services definition. Exhibit 1

335 ORDER There being no objection, Chair Jones so ordered.

340 Subcommittee at ease from 8:42 to 8:44.

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IRRIGATION DISTRICT ASSESSMENTS

371 KIP LOMBARD provided amendments to irrigation districts ORS Chapter 545 which are intended to enable irrigation districts to charge on the basis of service delivery (not based on land ownership) in order to take the districts out from the tax definition or being a local government entity which is levying a tax. Exhibit 2

TAPE 6 SIDE A

001 KIP LOMBARD continued his review of proposed amendments. Exhibit 2

094 KIP LOMBARD provided an example of a complaint procedure under a current equalization process.

118 Questions and discussion.

169 Subcommittee at ease 8:55 - 8:58.

FARM USE ASSESSMENT

200 JIM SCHERZINGER reviewed Section 216 in HB 2550 which provides for real market value used for purposes of Measure 5 limitation for farm operation or special assessed property. Section 216 deals with partially exempt properties.

224 JIM SCHERZINGER clarified that the levying of taxes would not change from the current system. Real market value would be used for purposes of the limit.

240 JIM SCHERZINGER pointed out that Section 216 is consistent with Ballot Measure 5.

263 Questions and discussion regarding committee procedure for dealing with farm assessment.

290 DON SCHELLENBURG provided Amendments to HB 2550 Section 216 which address a prior concern of Oregon Farm Bureau dealing with unit of property. Exhibit 3

337 REP. HOSTICKA was concerned with possible tax shifts or losses to

districts from proposed amendments to Section 216.

346 JIM SCHERZINGER reviewed amendments from Oregon Farm Bureau which proposes to use special assessment value for purposes of the limit instead of real market value. He estimated at full phase-in of Measure 5 that revenue loss (schools) for one year is about \$20 million. He explained problems in estimating numbers as requested by Rep. Hosticka.

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TAPE 5 SIDE B

007 DOUG EBNER addressed a first year process for counties when true market value is unknown.

027 Questions and discussion.

039 REP. CLARNO provided an example of a farm in Smith Rocks near Crooked River and an impact on the farm value from adjacent farms (large expensive new homes/llama ranch). She questioned determination of assessed value based on income or sales.

053 DOUG EBNER explained a process for property zoning and impact on neighboring farms.

069 JIM SCHERZINGER clarified real market value would be used for purposes of the limit and not for the original calculation of the tax.

084 REP. JONES clarified for purposes of assessment there would not be a change from current practice in terms of determining the tax on the land.

091 DOUG EBNER agreed with Rep. Jones.

093 Questions and discussion regarding classification of farms and test for special assessed qualification.

118 REP. CLARK clarified that the language in HB 2550 will not affect the way property is taxed, but will affect the calculation of Measure 5 limits.

120 DOUG EBNER agreed with Rep. Clark.

143 Questions and discussion regarding market effect on farm use assessment.

151 REP. JONES clarified the price of land around a farm will not affect it's value for farm use (currently or under Measure 5).

157 REP. CLARNO disagreed with Rep. Jones clarification and referred to an earlier example of a farm in Smith Rocks. She emphasized impact on property from farm use zoning and market conditions.

178 DOUG EBNER discussed determination of market value and provided examples.

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197 REP. CLARNO was concerned with different approaches for property appraising from Western Oregon to Eastern Oregon. She was concerned for struggling farmers and how to protect those farmers if special farm assessment is eliminated.

230 Questions and discussion regarding current farm use assessment covering

an example provided by Rep. Clarno.

250 KIM WORRELL reviewed a situation in Yamhill County and pointed out assessment is based on productive capability of the soil itself and not labor practices or a management situation of special income type of property.

283 REP. JONES concluded that the farmer in Kim Worrell's example would be protected. KIM WORRELL agreed.

289 CHAIR PARKINSON and REP. CLARK did not want to make a decision on farm use assessment today.

297 REP. HOSTICKA was comfortable with proposed amendments to Section 216 and addressed the history of the issue, including abuses of the system which are dealt with in other sections of the law. The proposed amendments to Section 216 deal with legitimate farmers.

312 Questions and discussion.

317 REP. WHITTY would favor a situation to deal with the example as described by Rep. Clarno.

330 Questions and discussion regarding farm use assessment and impact on nonschools.

366 Questions and discussion regarding farm land in Multnomah County.

389 Questions and discussion regarding effect on Eastern Oregon from proposed amendments to Section 216.

TAPE 6 SIDE B

012 CHAIR PARKINSON recessed the meeting at 9:38 and reconvened at 9:50.

017 MOTION Rep. Clark moved adoption of Amendments to HB 2550 Section 216 as presented by Don Schellenburg.

020 REP. HOSTICKA supported the motion subject to review for form and style.

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025 VOTE In a roll call vote the motion was adopted. (4-0)
AYES: Rep. Clark, Rep. Hosticka, Rep. Whitty,
Rep. Parkinson.

030 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 9:52.

Linda Leach, Committee Assistant

Kimberly Taylor, Office
Manager

EXHIBIT SUMMARY

1. House Bill 2550, Definitions Section 210, Department of Justice 3/5/91 - HB 2550
2. Proposed Amendments from Oregon Water Resources Congress, 3/7/91 - HB 2550
3. Amendments to HB 2550 Section 216, Don Schellenburg, 3/7/91 - HB 2550

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