

Tapes 52-53

(A)

Work Session:

HB 2556

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

SUBCOMMITTEE ON PROPERTY TAXATION

May 7, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Fred Parkinson,
Chair

Representative Kelly Clark

Representative Carl Hosticka

- Representative Jim Whitty

Member Excused: Representative Delna Jones

Staff Present: Steve Meyer, Legislative Revenue

Office

Linda Leach, Committee Assistant

Witnesses Present: Jim Wilcox, Department of Revenue

Mike Dewey, Oregon Cable TV

Association

Keith Reisman, Douglas County

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005 CHAIR PARKINSON called the meeting to order at 8:04.

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255 6

013 JIM WILCOX presented a comparison between the method of appraising and assessing utility property and industrial property. He pointed out that centrally assessed utilities are not all highly regulated companies and he gave examples. Exhibit 1

058 JIM WILCOX explained that HB 2556 would make cable television a utility and assign responsibility for appraisal to the Department of Revenue. The purpose for the proposal is because currently cable television is appraised by local counties which creates a wide range of values and approaches. He reviewed Douglas County's effort in HB 2556.

074 Questions and -discussion regarding fixed rates for cable television.

081 JIM WILCOX explained federal deregulations of rates and that local governments do not set rates for cable television.

102 JIM WILCOX reviewed Property Definition in his comparison handout. He pointed out the definition of "utility" on pages 3 and 4 and reviewed intangible items compared to intangible personal property language on page 5 (industrial property definition), ORS 307.020. He explained that the inclusion of media property in ORS 307.020 is the most significant difference. Exhibit 1

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.

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134 Questions and discussion regarding what constitutes media property and taxable personal property.

150 Questions and discussion regarding value and taxing good will.

170 JIM WILCOX reviewed Value Apportionment in his comparison handout.

Exhibit 1

180 Questions and discussion of what a cable company owns in a community

(right of way, cables, etc.)

201 JIM WILCOX explained industrial value is attributed to the taxing districts where the headquarters are located.

210 Questions and discussion regarding cable companies working in two counties.

228 JIM WILCOX reviewed Appeals from his comparison handout. Exhibit 1

250 JIM WILCOX reviewed Value from his comparison handout. Exhibit 1

285 Questions and discussion regarding local assessment of radio and television.

326 REP. CLARK was concerned with the concept of utility regulation relating to cable television.

345 JIM WILCOX reviewed the broad definition of "utility" and provided examples. He reviewed characterizations of utilities as operating across state, county and district lines where property is valued as a unit and there is a process for distributing that value.

365 Questions and discussion.

377 JIM WILCOX explained that the Department of Revenue preferred cable television be assigned to the Department of Revenue as a utility. If the committee chooses to move in the direction of industrial property, then the Department of Revenue would request deletion of ORS 308.411 and explained that cable television is not affected by a competitive situation in divulging income data.

400 MIKE DEWEY explained that the Oregon Cable Television Association is opposed to being linked to a utility.

445 Questions and discussion regarding impact from HB 2556 on cable television.

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002 MIKE DEWEY expressed that cable television is not an essential service. He gave examples of management and growth factors in cable television service. He addressed proposed annual appraisals and pointed out small cable systems. He did not believe that an apportionment system should apply to cable television. He explained that the Oregon Cable Television Association did not have a problem with the Department of Revenue assessing cable television, but preferred an option for the counties to assess. He believed the sales price of cable television companies prompted HB 2556. He explained how cable system values are described (addressed variable factors) and that values are declining.

072 Questions and discussion regarding deletion of ORS 308.411 if the subcommittee adopts industrial appraisal procedure for cable television.

086 Questions and discussion regarding assessment of cable television in other states.

115 KEITH REISMAN explained HB 2556 addresses inequities relating to assessment of cable television and referred to his previous testimony. He provided examples of current inequities. He believed cable television is sold "per subscriber". He discussed cable television crossing state, county and district lines and that HB 2556 will address apportionment and inequity issues. Exhibit 3

144 KEITH REISMAN supported an annual appraisal of cable television companies because of subscriber fluctuations. He addressed problems

relating to cable companies providing information to the assessor.

180 Questions and discussion regarding assessment of cable companies in Douglas County and payment of tax bills.

205 KEITH REISMAN did not believe the value of cable systems was declining and provided examples.

227 Questions and discussion.

236 CHAIR PARKINSON explained that the Association of Oregon Counties testified in support of HB 2556 during the May 2, 1991 Subcommittee on Property Taxation meeting.

243 MIKE DEWEY explained that cable television value is described on a per subscriber value, but are sold on a total value (includes many factors).

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263 Questions and discussion regarding variable factors for value of a cable television company.

291 MIKE DENEY explained that the Oregon Cable Television Association has no objection with the Department of Revenue appraising cable systems in the state of Oregon. He did not support coming under the centrally assessed statute which includes utilities.

303 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 8:55.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Comparison of two options for assigning cable TV to the Department of Revenue, 5/6/91 - HB 2556
2. Fiscal Analysis HB 2556, 5/1/91 - HB 2556
3. Testimony from Douglas County, 5/2/91 - HB 2556 (See Exhibit 1 from May 2, 1991 Subcommittee on Property Taxation meeting)

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