

Tapes 30(A\B), 31(A)
Public Hearing: SB 550
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 5, 1991:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair
Senator John Brenneman
Senator Shirley Gold
Senator Ron Grensky
Senator Bill McCoy
Senator Tricia Smith

Staff Present: Steve Meyer, Legislative Revenue Office
Marlene Stickley, Committee Assistant

Witnesses Present: Jim Kenney, Department of Revenue
Gil Riddell, Association of Oregon Counties
Kim Worrell, Association of Oregon Counties

TAPE 30. SIDE A

004 CHAIR CEASE called the meeting to order at 1:10 P.M.

017 CHAIR CEASE referred to SB 550.

032 JIM SCHERZINGER updated the committee on House Revenue and School Finance Committees' progress of Implementation of Measure 5 Issues, explaining the flagged items. EXHIBIT 1

089 Question and discussion regarding Exhibit 1.

092 JIM SCHERZINGER continued explaining flagged items of Exhibit 1.
PUBLIC HEARING SB 550

135 STEVE MEYER drew the committee's attention to the following: EXHIBIT 2 - Revenue Analysis of Proposed Legislation. EXHIBIT 3 - Repealed and Suspended ORS Statutes. EXHIBIT 4 - Opinion Request.

190 STEVE MEYER explained SB 550 and its relation to Measure 5.

195 Question and discussion regarding SB 550.

205 STEVE MEYER continued explaining SB 550.

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Senate Committee on
Revenue and School Finance
February 5, 1991 Page 2

250 STEVE MEYER referred to the ORS Statutes that will be repealed and suspended in SB 550. EXHIBIT 3

291 JIM KENNEY explained that HB 2550 moves assessment and taxation functions from the assessment year to the fiscal year. Real Market Value (RMV) is the minimum for when taxes are imposed, and therefore requires all functions to be moved forward so the assessor can determine the value during the fiscal year. The fiscal year value has eliminated the January 1 assessment date.

322 CHAIR CEASE questioned if the RMV is the value during the year that taxes are paid, or during the fiscal year.

327 JIM KENNEY simplified that RMV is during the period for which the taxes are imposed, which puts it in the fiscal year.

335 JIM KENNEY defined the current process of assessment and expounded that Department of Revenue (DOR) drafted SB 550 in order to give direction to assessors regarding Measure 5.

394 Question and discussion regarding DOR's rule making authority.

TAPE 31. SIDE A

002 Question and discussion continue on DOR's rule making authority and RMV.

013 JIM KENNEY explained DOR's authority to define market value, according to the constitution.
024 CHAIR CEASE clarified RMV is the same as in HB 2550.
034 SEN. DUKES questioned the meaning of value standard.
040 JIM KENNEY answered that it is the True Cash Value (TCV) standard which will be defined as RMV.
048 CHAIR CEASE asked what authority DOR has in directing the assessors regarding RMV.
059 JIM KENNEY justified DOR authority to direct assessors due to assessment roll requirements for RMV on specially assessed properties.
060 Question and discussion regarding repealed statutes. EXHIBIT 3
085 SEN. DUKES inquired if assessment roll requirements are normally put in Oregon Statutes.
088 JIM KENNEY replied there is a statute identifying that.
089 Question and discussion regarding rule making authority and assessment roll requirements.

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Senate Committee on
Revenue and School Finance
February 5, 1991 Page 3

115 STEVE MEYER referred to Section 6, line 17, of SB 550, noting December 31 should be December 1.
124 CHAIR CEASE directed staff to create amendment for this time gap.
130 CHAIR CEASE questioned if the timeframe would have a bearing on values being used for purposes of the tax.
137 JIM KENNEY explained that the sales data would be used to produce a trend, which would be projected forward throughout the fiscal year.
140 Question and discussion are interspersed.
149 STEVE MEYER pointed out Section 1 of SB 550 gives DOR the discretion as to whether they provide written instructions for the Board of Equalization (BOE).
160 Question and discussion regarding notification of training.
183 SEN. SMITH questioned what a ratio study is and the purpose.
208 JIM KENNEY described the ratio study as sales being collected by the assessor for the previous twelve months, then analyzed to determine the relationship between the assessed value of the property and sales that have occurred for that same class of property. Jim reminded the committee that only 1/6 of properties are appraised each year, therefore 5/6 of the properties need to be adjusted to January 1 value date.
240 Question and discussion regarding the ratio study.
260 STEVE MEYER questioned the intent of SB 550, Section 10, line 40, subsection 2.
276 JIM KENNEY clarified the intent is to have the districts certify their taxes to the assessor, in turn, the assessor will notify the districts if their tax levy will be reduced.
317 GIL RIDDELL encouraged committee to act quickly on SB 550.
328 KIM WORRELL expressed concerns of assessors regarding Measure 5.
350 STEVE MEYER said his concern regarded notification.
369 KIM WORRELL assumed the assessor will notify the district, after the tax is calculated, of the amount of yield they can expect from their levies.
385 Question and discussion regarding the date of notification.

440 Question and discussion regarding tax limits.

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Senate Committee on
Revenue and School Finance

February 5, 1991 Page 4

TAPE 3 0 SIDE B

009 Question and discussion continue.

019 SEN. DUKES asked if everyone affected by Measure 5 is aware that they are affected.

020 KIM WORRELL responded no, followed by question and discussion.

044 SEN. SMITH questioned if districts will be in compliance with statute for 1991-92 tax year.

067 KIM WORRELL pronounced that what is a tax has not yet been determined in HB 2550 and hopefully there will be enough time to let the districts know, because the tax roll goes out whether HB 2550 passes or not.

089 CHAIR CEASE recapped committee amendments to SB 550.

093 SEN. SMITH expressed her feeling that the date of proration needs to be determined.

103 STEVE MEYER reported HB 2550 language will be reviewed and then be addressed.

108 CHAIR CEASE adjourned the meeting at 2:14.

Marlene Stickley, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Measure 5 Implementation Issues, LRO, 2-2-91 (see Exhibit 5 from 22-91 committee meeting-HB 2550).

2. Revenue Analysis of Proposed Legislation, LRO, 2-5-91.

3. ORS Statutes being repealed and suspended in SB 550, LRO, 2-5-91.

4. Attorney General's Opinion on Emergency Clause, LRO, 1-21-91 (see Exhibit 1 from 1-21-91 committee meeting-Orientation).

5. Correspondence to Senator Lenn Hannon, LRO, 1-29-91.

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