

Tapes 100-101, (A\B)
Public Hearing: HB 2550A
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE
April 5, 1991 1:00 PM Hearing Room A State Capitol Building
Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:35)
Senator John Brenneman (departed 2:20)
Senator Shirley Gold (arrived 1:21)
Senator Ron Grensky (departed 2:20)
Senator Bill McCoy
Members Excused: Senator Tricia Smith

Staff Present: Jim Scherzinger, Legislature Revenue Officer
Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Bill Nelson, Oregon Winegrowers Association
Don Schellenberg, Oregon Farm Bureau
Mike Dewey, Oregon Wheat Growers League
Representative Delna Jones, District 6
Gil Riddell, Association of Oregon Counties (AOC)
Gladys McCoy, Multnomah County Executive
Kevin Campbell, Grant County Judge
Randy Franke, Marion County Commissioner
TAPE 100. SIDE A

005 CHAIR CEASE called the meeting to order at 1:15 and conducted administrative business.

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030 BILL NELSON presented a proposed change in the language as suggested by the Assistant Attorney General with regard to "Tax on Agricultural Products Used by Wineries - ORS 473.045. EXHIBIT 1

068 SEN. BRENNEMAN asked how the tax was used.

070 BILL NELSON responded the tax is used for research and to promote Oregon wines.

075 CHAIR CEASE clarified the proposed language in Exhibit 1 is from the Attorney General's letter.

088 DON SCHELLENBERG read prepared testimony. EXHIBIT 2

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214 CHAIR CEASE asked why there should be an additional benefit since the special deferral already exists for farms.

223 DON SCHELLENBERG explained the effect of the special assessment value disappears with the changes in HB 2550A. Farm property is taxed as though it can be developed but are restricted because of the land use laws.

231 CHAIR CEASE referred to the quote on page 2 of EXHIBIT 2 explaining Don McIntire meant there would be no change in the status of current special assessment on farm and forest land.

244 DON SCHELLENBERG referred to land use planning as the farm and forest land should not be available for development.

255 MIKE DEWEY testified regarding the increase in taxes to the agricultural community over time. The question is how to deal with the policy decisions recognizing that farm taxes will go up but are limited to how the land is used. Replacement revenues were discussed because the agricultural community will not receive property tax relief.

320 MIKE DEWEY discussed the counties proposing a change in the methodology by which farm land is taxed. The Oregon Wheat Growers League are interested in equitable taxation on behalf of the farming community. Reference was made to hobby farms.

360 MIKE DEWEY asked to keep the language in Section 216 in HB 255 0.

368 Discussion follows regarding the break in taxes the farming community is currently receiving. Reference was made to the property tax limitation plus the deferral.

391 MIKE DEWEY commented on the incentive to authorize levies.

404 SEN. DUKES referred to situations of receiving property tax relief.

432 MIKE DEWEY recapped the agricultural community being included in the development of replacement revenues.

TAPE 101 SIDE

A

011 SEN. DUKES questioned the amount of tax relief being received by farm land.

022 DON SCHELLENBERG responded that the value of farm land remains the same but the taxes continue to increase and the land is limited to only farm use.

031 Discussion continued regarding the farm deferral verses the property tax relief. Reference is made to zoning.

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058 MIKE DEWEY discussed farm land moving toward a market value approach.

065 DON SCHELLENBERG clarified the farm use value is the real market value of the property for restrictive use. Oregon Farm Bureau is asking the same tax relief be given farm value as given to all other classes of property.

075 SEN. DUKES questioned the unfairness being presented by the agricultural community. Discussion follows.

097 SEN. DUKES reviewed the non school services and addressed tax shift questioning why other people, who do not have farm deferral, be responsible for paying the non school services used by the farmers.

127 DON SCHELLENBERG did not believe there will be a shift of taxation from non farm property.

136 SEN. DUKES commented if a levy passes someone will have to pay.

140 DON SCHELLENBERG explained the assessor will make two calculations one based on the current assessment practices and the other will be the limitation. Discussion follows.

160 REP. JONES presented a perspective from the House Revenue Committee and explained how HB 2550 contained many issues which were not a necessary part of Measure 5.

198 REP. JONES understood a plan will be proposed to place things back into HB 2550A. Many issues were referred to subcommittee relating to the appeal process, the three percent discount, and gross error. The House committee

was concerned in putting these issues in HB 2550.

230 REP. JONES referred to urban renewal being addressed in subcommittee and the Senate Revenue Committee must decide to keep the urban renewal as a separate bill or reinstate in into HB 2550A.

255 CHAIR CEASE clarified the issues pulled out of HB 2550A are ongoing issues that are not basic to the need for changing the property tax system at this point.

278 GIL RIDDELL addressed the loss to counties with the passage of Measure 5. Written testimony was presented explaining recommendations to various issues in HB 2550A. EXHIBIT 3

311 GLADYS MCCOY discussed the major issue in HB 2550A dealing with the Costs to Administer Measure 5 and HB 2550A. EXHIBIT 3, Page 1

395 JUDGE CAMPBELL testified addressing the second major HB 2550A issue regarding farm special assessments. EXHIBIT 3, Page 1

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000 JUDGE CAMPBELL continued testifying regarding the issue of farm assessment. Discussion and questions are interspersed.

047 SEN. GRENSKY asked if HB 2550A currently has the capitalization rate proposed in Exhibit 3. The response was no. Reference is made to HB 3345 and the lack of accountability for actual farm income generated from parcels of property receiving favorable status.

071 GIL RIDDELL explained the issue of applying the rates through the specially assessed value instead of the real market value was adopted.

082 CHAIR CEASE commented that if people wanted amendments they could be drafted and then it is up to the proponents to work on the committee members.

092 RANDY FRANKE addressed the purpose is to come up with a fair and equitable tax system without having more administrative costs. Mr. Franke explained the third issue in EXHIBIT 3 dealing with Timber Severance Tax Rates and felt no reduction in rates is necessary under Measure 5. An historical overview of Western Oregon Severance Tax (WOST) and Eastern Oregon Severance Tax (EOST) was presented.

156 Discussion and questions follow regarding the timber severance tax rates.

209 GIL RIDDELL addressed the fourth issue in EXHIBIT 3 regarding Supervisory Appeals. The appeal process prior to Measure 5 and how HB 2550A impacts the appeal is explained in Exhibit 3.

244 GIL RIDDELL explained why the AOC supports a change in the supervisory appeals as addressed EXHIBIT 3, Page 4.

274 GIL RIDDELL discussed the fifth issue presented in EXHIBIT 3 regarding one-quarter of one percent trigger on industrial appeals. EXHIBIT 3, Page 5

313 GIL RIDDELL presented the sixth issue dealing with the mobile home "form 113" processing fee. EXHIBIT 3, Page 5

322 GIL RIDDELL explained the seventh issue in EXHIBIT 3 regarding Payback procedures for disqualification from farm or forest assessment.

338 GIL RIDDELL discussed the eighth issue dealing with Road Tax Distribution. EXHIBIT 3, Page 6

364 GIL RIDDELL presented the tenth issue which deals with increase of late filing penalty for personal and real property returns.

390 GIL RIDDELL continued explaining the last four issues and the recommendations from the AOC. EXHIBIT 3

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014 GIL RIDDELL continued addressing the recommendations in EXHIBIT 3.

018 GLADYS MCCOY discussed the cost in Multnomah County regarding the transition year in which Measure 5 becomes enacted.

025 CHAIR CEASE conducted administrative business and adjourned the meeting at 2:42.

Mary Ann Zimmermann, Committee Assistant .

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Written Testimony, Oregon Winegrowers' Association, 4/5/91 - HB 255 0

2. Written Testimony, Oregon Farm Bureau, 4/5/91 - HB 2550

3. Written Testimony HB 2550-A Issues, AOC, 4/5/91 - HB 2550

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