

Tapes113-114, (A\B)
Work Session:
HB 2550-A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

April 15, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair Senator Joan Dukes, Vice Chair
{arrived 1:12} Senator John Brenneman (departed 2:05) Senator Ron Grensky
(arrived 1:14) Senator Bill McCoy

Members Excused: Senator Shirley Gold Senator Tricia Smith

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

Witnesses Present: Ron Chastain, Western Oregon Severance Tax (WOST)
Consortium

Gerald Bennett, WOST Consortium

Scott Asheom, Representing Nursery Farmers Jack Chapin, Oregon Farm Bureau
TAPE 113 SIDE A

005 CHAIR CEASE called the meeting to order at 1:07 as a subcommittee until
a quorum was reached at 1:12. Administrative business was conducted.

WORK SESSION - HB 2550-A (INVITED TESTIMONY)

029 RON CHASTAIN read prepared testimony in opposition to the reduction of
the severance privilege tax. EXHIBIT 1

096 CHAIR CEASE commented on across the board relief versus relief in a
particular district and asked what part of the state has not reached the
limit and does not need the relief. The response was the districts are
scattered all over the state.

117 SEN. DUKES clarified WOST does not want any changes now but the
severance tax issue should be studied during the interim.

134 SEN. DUKES asked if WOST would prefer severance tax be a source of
revenue or an offset.

137 RON CHASTAIN responded it would not make a difference.

These minutes paraphrase and/or summarize statements made during this
meetings. 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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143 It was clarified that the WOST Consortium is for schools.

156 SEN. DUKES explained that 65 percent of the people are not receiving
tax relief the first year under Measure 5 but many people are requesting
relief. Sen. Dukes is not convinced people should be getting a tax break
the first year because it is going to shift to other taxpayers.

176 SEN. GRENSKY questioned the comment of school districts no longer
affected by WOST after the passage of Ballot Measure 5 because timber
severance tax operates as an offset to property tax.

185 RON CHASTAIN responded the schools will be held harmless within
limitations so the school district will have a certified levy with the
subtraction of the WOST offset and the remainder determines the tax rate.
Many of the districts are over the limit.

203 SEN. GRENSKY reported most of the districts receiving severance tax are
below the \$15 limit so there would be a property tax increase.

222 Discussion follows regarding increase in property tax if the severance
tax is reduced.

239 GERALD BENNETT commented on the larger players in WOST all exceed 15

dollar limit. There is a connection of the capitalization of WOST dollars which convert into hypothetical true cash values in determining equalization in Basic School Support Fund meaning a poor district could look rich on paper which will have an impact in a school formula.

276 SEN. GRENSKY made reference to the old capitalization formula will no longer be relevant under the new school funding formula.

292 SEN. GRENSKY asked about the argument of severance tax in leu of property tax. Discussion follows.

351 CHAIR CEASE raised the issue of offering an in leu tax to taxpayers below the limit as well as above the limit.

369 Discussion follows regarding relief for the timber industry. Reference is made to the argument of the severance tax people asking for equal treatment.

422 GERALD BENNETT commented on the timber industry asking for reduction in severance tax rate since 1979. Testimony explained the timber industry could obtain relief by leaving the severance tax at 6.5 percent. I was pointed out that a review of severance tax has never taken place. Severance tax was a way of delivering a fair share therefore the timber industry has been in a state of relief since 1979.

TAPE 114 SIDE

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004 SEN. BRENNEMAN referred to the concept of timber being a crop making it the only crop in Oregon being taxed.

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015 GERALD BENNETT provided revised testimony. EXHIBIT 2

033 SCOTT ASHEOM provided a copy of statute dealing with land use with reference to SB 100 in 1973 in which a tax policy was used to bring about a social goal of keeping agricultural land as an efficient means of conserving natural resources. Reference is also made to preserving agricultural land for Oregon's economic resources. EXHIBIT 3

079 SCOTT ASHEOM continued with reference to Section 4 of EXHIBIT 3.

089 Discussion follows regarding incentives for farm use lands which will be eliminated over time with the passage of Measure 5.

117 SCOTT ASHEOM explained that SB 100 in 1973 provided a relative property tax advantage and Measure 5 will cause potential changes in farm use zone.

125 SEN. DUKES clarified that taxes need to be low enough to keep farmers on the farm.

144 SCOTT ASHEOM commented on farm economics explaining the desire to reestablish the relative property tax advantage experienced by farmers prior to the passage of Ballot Measure 5.

151 SEN. DUKES discussed not lowering taxes because farmers have always experienced lower taxes.

171 SCOTT ASHEOM explained he is not proposing farmers receive a tax break. Reference is made to supporting HB 3345 which would result in significant property tax relief.

209 Discussion follows regarding HB 3345 in determining special farm use assessment.

231 Reference is made to the secondary land bill, SB 91.

235 CHAIR CEASE asked if the testimony deals with a tax issue or a land use issue. Discussion follows regarding the interface between the land use policy and the property tax policy in Oregon.

278 JACK CHAPIN read provided testimony. Discussion and questions are interspersed. EXHIBIT 4

TAPE 113 SIDE B

000 JACK CHAPIN continued reading provided testimony. EXHIBIT 4

020 JACK CHAPIN referred to Page 9 of EXHIBIT 4.

033 SEN. DUKES discussed the definition of "hobby farms" and supported the agricultural community to work through the hobby farm issue.

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051 JACK CHAPIN commented on the homesite being taxed 100 percent market value.

062 JACK CHAPIN continued reading prepared testimony EXHIBIT 4.

138 CHAIR CEASE conducted administrative business regarding the agenda and adjourned the meeting at 2:18.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Written Testimony, WOST Consortium, 4/15/91 - HB 2550-A
2. Written Testimony, WOST Consortium, 4/15/91 - HB 2550-A
3. ORS Statute, Scott Asheom, 4/15/91 - HB 2550-A
4. Written Testimony, Oregon Farm Bureau, 4/15/91 - HB 2550-A
5. News Article, Sen. Brenneman, 4/15/91 - SB 814
6. Letter from Eric Mahaffy, 4/15/91 - HB 2550-A

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