

Tapes119-120, (A\B)

Work Session: HB 2550-A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

April 18, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair

Senator John Brenneman (arrived 1:23)

Senator Ron Grensky

Senator Bill McCoy (departed 1:30, returned 1:40)

Senator Tricia Smith

Members Excused: Senator Shirley Gold

Staff Present: Jim Scherzinger, Legislative Revenue Officer

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: B.J. Smith, League of Oregon Cities, LOC

Gary Holiday, Financial Director Albany, Oregon

Denise McPhail, Portland General Electric

Jim Kenney, Department of Revenue DOR

Kim Worrell, Association of Oregon Counties AOC

Don Schellenberg, Oregon Farm Bureau Federation

TAPE 119. SIDE A

005 CHAIR CEASE called the meeting to order at 1:16 and conducted administrative business.

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A

036 JIM SCHERZINGER explained Section 5 through Section 9a in HB 2550A dealing with local budget law. The changes in HB 2550A deal with Section 9a, Page 35 dealing with the supplemental budget process.

064 SEN. DUKES wanted clarity in what is meant by "significant" difference.

081 B.J. SMITH responded the process is on an "as needed" basis therefore the terminology "significant" is difficult to address. Discussion follows. It is pointed out that Section 9 deals with ad valorem taxes.

128 SEN. SMITH questioned why Section 9a deals only with the 1991-93 fiscal years.

130 B.J. SMITH discussed that LOC does not want it to apply to just those two years.

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141 CHAIR CEASE asked why a sunset was placed in the bill.

143 JIM SCHERZINGER responded that the House Committee decided to put a sunset because of the uncertainty in the future.

159 SEN. SMITH questioned the logical implication of Measure 5 and why it should be limited to only 1991 and 1993 fiscal years.

178 CHAIR CEASE pointed out the issue will be revisited in 1993 because of the sunset.

185 SEN. SMITH questioned the purpose of revisiting the issue. Discussion follows.

194 MOTION SEN. DUKES moved to amend HB 2550A by deleting lines 40 and 41 in Section 9a on page 40 and 41.

200 DISCUSSION

229 VOTE In a roll call vote the motion passed (4-1). AYES: Senators Smith, Brenneman, Dukes, Cease. NAYS: Senator Grensky. Senators Gold and McCoy were excused.

238 CHAIR CEASE questioned numbers of municipal corporations population being the same in HB 2550-A with the new census. Discussion follows regarding the possible adjustment of the figures.

256 B.J. SMITH responded another bill established a population not exceeding 500 thousand. Inconsistency was addressed between tax supervising conservation commission areas and the remaining language in the local budget law.

275 Discussion follows regarding the language "not exceeding".

281 JIM SCHERZINGER referred to LOC proposal in Section 7 dealing with the budget committee process. Another proposal deals with the supplemental budget process in Section 9.

291 SEN. DUKES asked if the bill made changes in the budget process and supplemental process. It was clarified that the original HB 2550 had changes but the A engrossed removed the changes.

310 Discussion follows regarding the amendment process.

357 B.J. SMITH presented an outline of the budget process supplied by the DOR. EXHIBIT 1

369 B.J. SMITH also presented proposed amendments to HB 2550-A. The basic theory is to streamline the budget process. EXHIBIT 2

426 B.J. SMITH explained the proposed amendments by referring to the budget chart in Exhibit 1.

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020 SEN. SMITH asked how much time is being cut off the supplemental budget process.

025 B.J. SMITH responded the reduction would be about 3 weeks.

031 SEN. SMITH voiced concern in cutting out the budget committee which is a healthy part of the budget process.

039 GARY HOLIDAY explained there are three supplemental budget processes during the year and it is difficult to maintain the interest of the budget committee for all the processes.

064 SEN. SMITH clarified the intent is to streamline the process today and does not include Measure 5. Discussion follows.

075 SEN. SMITH questioned the problem with the current process. Discussion follows regarding the difficulty in gathering the budget committee throughout the year.

087 B.J. SMITH referred to another bill dealing with supplemental budget changes. Small changes could be changed without the full budget process.

100 Discussion follows regarding the streamline changes only address small insignificant issues.

109 GARY HOLIDAY agreed restrictions could be placed on a supplemental budget and 10 percent is a reasonable amount of change without going though the entire budget process.

126 Discussion deals with concerns of eliminating the budget committee.

158 SEN. DUKES questioned the terminology of "summary" of the supplemental budget. EXHIBIT 2

170 B.J. SMITH explained a summary is currently being published under the direction of the DOR. Local budget law affects more than the counties and cities.

186 Discussion follows regarding cutting the budget committee.

200 SEN. BRENNEMAN pointed out the difficulty to convene a budget committee in small communities and supports the streamline proposal.

224 Discussion follows.

236 B.J. SMITH offered to revisit the proposal and come before the committee at another date.

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258 JIM SCHERZINGER presented a copy from the original HB 2550 dealing with the allocation of loss to any levy dealing with Section 219. EXHIBIT 3

293 B.J. SMITH explained there may be different compressed ratios within a single city and the proposal by LOC is suggesting cities have the discretion to place money where necessary within the city and still maintain the Measure 5 limitation. An example city was addressed.

335 SEN. DUKES asked if the issue arrived from the taking of funds from one agency to maintain another within a single city.

351 B.J. SMITH explained the idea is to make sure services are maintained at the current level. Reference was made to dealing with the Attorney General Office and the original ballot title explaining what the money will be spent for.

270 B.J. SMITH explained that without Section 219 in the bill it is unclear whether the money could be moved within the city causing for litigation to make the decisions.

383 SEN. DUKES referred to the election law provisions dealing with ballot title and the use of money from a particular levy. The question of shifting the money was addressed.

400 B.J. SMITH discussed the dollar amount will not be reached in compression and the question deals with the ability to reallocate the money taken from the unsegregated tax collection fund.

411 B.J. SMITH addressed the problem of dealing with the interpretation of Measure 5.

TAPE 119 SIDE

B

015 SEN. DUKES questioned the compression issue happening with only one governing body.

019 B.J. SMITH addressed the overlapping districts and imposing a drainage fee and the compression ratio will happen because of the overlapping districts.

032 CHAIR CEASE directed the committee to stand at ease from 2:14 to 2:15 when Senator Brenneman returned to committee.

035 CHAIR CEASE discussed voting for the proposed amendments. EXHIBIT 3

050 Discussion follows regarding the allocation process occurring through the budget committee process.

065 B.J. SMITH clarified decisions will be at full budget committee meeting and the budget committee members will have to be educated on the implications of Measure 5.

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081 B.J. SMITH explained that Section 219 literally places a policy decision on the table. A public agency should look at the policy decision

as one piece of it's authority and indicate the options through the normal budgeting process.

094 SEN. DUKES encouraged the issue be part of a process and the budget committee members should be aware of any shift.

098 CONSENSUS CHAIR CEASE asked if there were any objections to restoring Section 219 from the original HB 2550 back into HB 2550-A. EXHIBIT 3

110 ORDER CHAIR CEASE so ordered, noting a consensus of votes. CHAIR CEASE noted her opposition.

116 JIM SCHERZINGER referred to other issues dealing with local budget law but questions regarding the issues were not brought before the committee.

128 JIM SCHERZINGER referred to Section 215, Page 106 of HB 2550-A dealing with assessment/tax calculation and unit of property. As a preface it was explained that Measure 5 limits the taxes on property to a certain percentage of it's value but a property is not defined. The issue is defining a unit of property which HB 2550-A attempts to do in Section 215 by setting a standard. Reference is made to proposals to change Section 215 .

184 DENISE MCPHAIL explained that PGE, AOI, the Farm Bureau, Assessors, and DOR would like more time to prepare a joint proposal to bring before the committee.

197 SEN. DUKES questioned why properties under one ownership in the same county have to be under one taxing district.

203 JIM SCHERZINGER explained it is a policy decision of either creating a standard for what a property is or leave it on an account basis. The two options are addressed.

224 KIM WORRELL testified in favor of the definition of a unit of property for appraisal purposes. The concerns of the assessors were discussed.

245 SEN. DUKES used an example of two parcels of property with one up against the limit and the other is not voicing concern on the issue of shifting taxes.

265 JIM KENNEY explained the two parcels of property are not contiguous so would not be brought together as one property. In most cases if the properties are combined as one the total value will be lower than if appraised as two properties.

284 DON SCHELLENBERG discussed the agricultural community has little impact if Section 216 remains in the bill.

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295 CHAIR CEASE pointed out that if the issue is not addressed in the bill it will come before case law.

301 DENISE MCPHAIL asked for a timeline and April 24 was the suggested date for the working group to report back to the committee.

318 CHAIR CEASE discussed exemptions and the option of dealing with it in HB 2550-A or deal with it in SB 440. Discussion follows regarding SB 440 and administrative business was conducted.

380 SEN. SMITH asked if the urban renewal bill, HB 2609, has passed out of the House.

388 JIM SCHERZINGER explained that HB 2609 uses option three which spread urban renewal districts and also places restrictions on urban renewal districts. HB 2609 produces about 17 million in additional revenue for schools.

TAPE 120 SIDE

B

010 JIM SCHERZINGER presented a summary of SB 815A (correction 815B) as

passed out of House Revenue Committee. EXHIBIT 4
030 JIM SCHERZINGER continued explaining the summary of the major policies
in SB 815B. EXHIBIT 4
090 SEN. DUKES asked if money will be available to cover SB 815B.
096 JIM SCHERZINGER explained money is being shifted from equity to Basic
but money is prorated down with regard to the supplemental area.
118 CHAIR CEASE discussed the Senate Committee will not be able to concur
with SB 815B. Discussion follows regarding the concerns with removing money
from the equity pot.
136 CHAIR CEASE conducted administrative business and adjourned the
meeting at 2:53.

Mary Ann Zimmerman, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Budget Process Chart, LOC, 4/18/91 - HB 2550-A
2. Proposed Amendments, LOC, 4/18/91 - HB 2550-A
3. Allocation of Loss to any Levy from Original HB 2550, LRO, 4/18/91
- HB 2550-A
4. SB 815B Major Policy Summary, LRO, 4/18/91 - HB 2550-A

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