

Tapes170-171, (A\B)

WorkSession:HB 2550A,SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 28, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair

Senator John Brenneman

Senator Shirley Gold (arrived 1:35)

Senator Ron Grensky (arrived 1:30)

Senator Bill McCoy (arrived 1:40)

Senator Tricia Smith

Staff Present: Jim Scherzinger, Legislative Revenue Officer

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Greg Wolf, Land Conservation & Development Department

Don Schellenberg, Oregon Farm Bureau Federation (OFBF)

Kim Worrell, Association of Oregon Counties (AOC) Jim Kenney, DOR Jim

Wilcox, DOR TAPE 170 SIDE A

005 CHAIR CEASE called the meeting to order at 1:27 and conducted administrative business.

WORK SESSION - HB

255 0A

040 JIM SCHERZINGER presented proposed amendments HB 2550-A53 dealing with farm use. EXHIBIT 1

042 JIM SCHERZINGER presented a chart explaining the farm use amendments which compare current law with the presented -A53 amendments. It was pointed out that all the amendments apply to farmland outside Exclusive Farm Use (EFU) zones. EXHIBIT 2

110 SEN. DUKES asked if people in an urban growth area could get a farm tax deferral.

114 JIM SCHERZINGER responded that an exception area is not within an urban growth boundary.

120 Discussion follows regarding exception areas. These areas were zoned because the people there did not want to use the land for farming.

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138 JIM SCHERZINGER continued discussing the second major portion of the chart in EXHIBIT 2 dealing with the farm parcel income test.

160 JIM SCHERZINGER addressed the income tax return portion of the chart in EXHIBIT 2.

170 JIM SCHERZINGER finalized discussion of the chart in EXHIBIT 2 clarifying the farm use amendments dealing with indexing.

188 GREG WOLF presented an historical overview of the development of the proposed amendments HB 2550-A53. The income test and also the indexing are two assets to the amendments.

215 DON SCHELLENBERG explained the amendments are a compromise and the Farm Bureau does not like the amendments but there are some positive aspects. The positive aspects were addressed.

236 SEN. MCCOY asked what the Farm Bureau did not like about the amendments.

240 DON SCHELLENBERG responded raising the minimum test from \$500 to \$1000 which is a 100 percent increase and the per acre income test is a 50 percent increase.

250 SEN. DUKES questioned the origin of the minimum test figures.
253 KIM WORRELL responded that the figures were a compromise and the initial proposal would have been a flat \$2500 dollar qualification level for farm land. There is a flat \$3000 requirement for a parcel in an exception area that changes ownership. AOC is uncomfortable with HB 255 0-A53 because it is felt the charge should be higher.
265 Discussion follows regarding the farm unit gross income test.
293 CHAIR CEASE noted that representatives from A Thousand Friends have voiced support of HB 2550-A53.
299 JIM KENNEY testified in support of HB 2550-A53.
307 DON SCHELLENBERG clarified the reason OFBF accepts HB 2550-A53 is predicated on the acceptance of Section 216 of HB 2550A.
312 SEN. DUKES questioned what would be accomplished with the passage of HB 255 0-A53.
320 Discussion follows including that hobby farms will diminish and the people who are not "real" farmers will not get the farm use assessment.
338 KIM WORRELL addressed the disqualifications of those people who are not "real" farmers with reference to the implementation of the income test in 198 2. HB 2550-A53 allows keeping track of farm products that were used as personal consumption because it requires the sale of

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products. Also a copy of the Schedule F is required which makes it easier to go through the tax process.

381 DON SCHELLENBERG pointed out there would be more intensive agriculture occurring on the properties that do decide to meet the income test.
390 JIM SCHERZINGER explained when the new income test is enacted it is a three to five year test which will be phased in over time and an immediate effect of the legislation will not be seen for at least three years.
417 SEN. BRENNEMAN asked for a justification of the change being necessary to the passage of ballot Measure 5.
427 KIM WORRELL responded HB 2550-A53 makes the change in HB 2550A more palatable that deals with the granting of special assessments to farm use assessed value rather than real market value. -
TAPE 171 SIDE

A

009 SEN. BRENNEMAN commented on the public reaction to HB 2550-A53 because it is one more way to get out from the limits of Measure 5.
022 KIM WORRELL explained the interpretation of Measure 5 would not have allowed a tax break to the farm community because it specifically describes real market value as the basis for the income test.
029 Discussion follows with reference to the small farmers who will be affected by HB 2 55 0-A53 .
045 CHAIR CEASE pointed out a hand engrossed correction on Page 7 of EXHIBIT 1.
050 JIM SCHERZINGER explained Section 117a of the proposed amendments HB 255 0-A53. EXHIBIT 1
094 JIM SCHERZINGER continued presenting the proposed amendments with reference to Section 117c dealing with the income test. EXHIBIT 1
125 JIM SCHERZINGER explained the farm parcel test as presented in Section 117 g. EXHIBIT 1
140 JIM SCHERZINGER discussed Section 117h dealing with exception areas. EXHIBIT 1

155 JIM SCHERZINGER overviewed Section 117i in EXHIBIT 1 dealing with indexing.

180 JIM SCHERZINGER explained Section 117j is a notification provision. EXHIBIT 1

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188 CONSENSUS CHAIR CEASE noted no objection to delete the words "each person who is" in Line 28, Page 7 of HB 2550-A53. EXHIBIT 1

190 JIM SCHERZINGER continued addressing Section 117j in EXHIBIT 1. Discussion and questions are interspersed.

218 CHAIR CEASE clarified HB 2550-A53 are inserting a new Section (Section 117) on Page 61 in HB 2550A.

231 CONSENSUS CHAIR CEASE noted no objection to HB 2550-A53 (LC 2386) amendments dated 5/17/91. EXHIBIT 1

244 VOTE RECONSIDERATIONSEN. GOLD requested a change in her vote from NAY to AYE on HB 2550-A50 amendments dated 5/7/91. (See Senate Revenue Committee meeting on 5/27/91, Tape 168 Side B, Meter #368).

253 SEN. GRENSKY presented amendments HB 2550-A59 which change terminology from "may" to "shall" dealing with fraud or deceit cases of real estate appraising in which the appraiser "shall" be disqualified rather than "may" be disqualified. EXHIBIT 3

256 SEN. GRENSKY also presented a letter explaining the amendments. EXHIBIT 4

275 CHAIR CEASE recommended the DOR to review the HB 2550-A59 amendments.

300 JIM SCHERZINGER presented proposed amendments HB 2550-A54 dealing with water districts. EXHIBIT 5

320 JIM SCHERZINGER recapped the recommendation by the water districts which created a presumption that water district charges were at the specific request of the property owner. The amendments also give the ability to extend charges on the user to Chapter 554 districts, the authority was not given to Chapter 554 districts in HB 2550A.

332 JIM SCHERZINGER discussed extending charges to diking districts but a way has not been found so the language in HB 2550-A54 does not deal with diking districts because the services received by the property owner are not related to a product.

356 JIM SCHERZINGER explained how something is an incurred charge under Measure 5 if it is at the specific request of the property owner. Reference is made to the lack of saying no as being a specific request.

396 JIM SCHERZINGER addressed the main issue in HB 2550-A54 is an extension to impose charges on users instead of property owners.

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TAPE 170 SIDE B

006 JIM SCHERZINGER referred to Lines 3-10, Page 1 of HB 2550-A54 dealing

with allowing irrigation districts more freedom to establish charges on users than is in HB 2550A. EXHIBIT 5

017 JIM SCHERZINGER explained the remaining Sections in EXHIBIT 5 deal with the extension of the ability to charge user fees and other fees for the Chapter 554 districts.

028 JIM SCHERZINGER continued discussing the proposed amendments in EXHIBIT 5. It was pointed out that the amendments were drafted by the Oregon Water Resources Congress and reviewed by the Department of Justice.

053 Discussion follows regarding diking districts and why they are not included in the amendments.

080 SEN. DUKES testified that something must be done with diking districts

093 CONSENSUS CHAIR CEASE noted no objection to the adoption of HB 2550A54 (LC 2386) amendments dated 5/21/91. EXHIBIT 5

100 CHAIR CEASE asked if the DOR is ready to address the HB 2550-A59 amendments presented by Sen. Grensky. EXHIBIT 3

104 JIM WILCOX discussed concerns with the HB 2550-A59 amendments. Three individual cases involving investigation of specific appraisers was discussed and in each case the employee was covered by employment rights or labor contracts. The DOR does not want to become involved in judicial issues that effect employment rights in counties that have those provisions.

132 JIM WILCOX reported that the DOR would not be opposed to those provisions that would revoke a certificate if someone has been found guilty in a court of law.

136 SEN. DUKES asked if the existing language is why a certificate has never been revoked.

138 SEN. DUKES referred to the letter in which a staff appraiser has admitted to fraud. EXHIBIT 4

144 JIM WILCOX addressed the individual appraiser addressed in the letter has since been dismissed through action in the local labor process.

156 Discussion follows regarding the appealing process.

184 SEN. DUKES asked who would do the appealing process if the DOR did not want to get involved.

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195 Discussion follows regarding the dismissal of an employee for cause. Reference is made to the Executive Department doing the certification process.

217 SEN. GRENSKY asked if the DOR cancels appraisal certification because of not completing continuing education requirements.

226 JIM WILCOX responded the continuing education requirements are new and the issue has not occurred as yet.

230 SEN. GRENSKY questioned the DOR reply that they do not want to deal will someone committing fraud and voiced concern with a state agency not willing to take the trouble to address the issue.

259 SEN. GRENSKY felt a state agency should do something even if it involves setting up an administrative hearing to determine if the elements of fraud and deceit have been met.

271 JIM WILCOX explained the issue has been scheduled for an administrative rule and are interested in pursuing the requirement to revoke certificates but the due process had not been established.

289 CHAIR CEASE pointed out the letter in EXHIBIT 4 refers to the

administrative rule OAR 150-308.010.

297 Discussion follows regarding the administrative rule dealing with ethical conduct for appraisers. It was pointed out there are requirements on continuing education but there are not professional standards.

322 JIM WILCOX pointed out the certification deals with the ability to appraise property for ad valorem purposes working for the assessors office. To become an appraiser involves a different set of standards through the real estate division.

337 Discussion follows regarding certified appraisers.

353 SEN. GRENSKY asked the DOR to contact the assessor from Jackson County (EXHIBIT 4) and come up with proposed suggestions to handle the issue and get back to his office.

370 CHAIR CEASE requested how fraud and deceit would be handled in OAR 308 .010.

378 CHAIR CEASE adjourned the meeting at 2:52

Mary Ann Zimmermann, Committee
Assistant
Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Proposed Amendments HB 2550-A53 (LC 2386), 5/17/91 - HB 2550A
2. Chart on Farm Use Amendments HB 2550-A53, LRO, 5/27/91 - HB 2550A
3. Proposed Amendments HB 2559-A59 (LC 2386), 5/27/91 - HB 2550A
4. Letter from Daniel Ross, Jackson County Assessor, 5/28/91 - HB
5. Proposed Amendments HB 2550-A54 (LC 2386), 5/21/91 - HB 2550A

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