

Tapes 172-173, (A\B)

Work Session: SB 814, HB 2550A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 29, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair (arrived 1:43)

Senator John Brenneman

Senator Shirley Gold (arrived 1:40)

Senator Ron Grensky

Senator Bill McCoy (arrived 1:40)

Senator Tricia Smith

Staff Present: Jim Scherzinger, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Don Fordyce, US Bank/US Bancorp

Jim Brown, Department of Revenue (DOR)

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

TAPE 172 SIDE

A

005 CHAIR CEASE called the meeting to order at 1:30 and conducted administrative business.

WORK SESSION HB

255 0A

017 JIM SCHERZINGER presented an updated list of HB 2550A amendments including those already adopted by the committee and those that still need to be addressed. EXHIBIT 1

034 JIM SCHERZINGER presented HB 2550-A48 amendments which are comprised of several changes to HB 2550A. EXHIBIT 2

044 JIM SCHERZINGER presented hand engrossed changes in HB 2550A because of the HB 2550-A48 (EXHIBIT 2) amendments. EXHIBIT 3

050 JIM SCHERZINGER explained the first issue is hand-engrossed on Page 1, EXHIBIT 3 dealing with the supplemental budget process.

058 SEN. SMITH noted a correction to HB 2550-A48 amendments in that Section 9a should be deleted. Between Lines 5-6, Page 1, EXHIBIT 2 the words "delete lines 35-41" should be inserted.

080 JIM SCHERZINGER explained the next issue in HB 2550-A48 (EXHIBIT 2) as hand engrossed on Page 2, EXHIBIT 3 deals with appeals on the applicability of Measure 5 of assessment for local improvement.

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096 JIM SCHERZINGER discussed the amendments beginning on line 11, Page 1, EXHIBIT 2 which is hand engrossed on Page 3, EXHIBIT 3 which deal with the gross error provisions of current law within the DOR supervisory authority.

115 JIM SCHERZINGER addressed line 21, Page 1 of EXHIBIT 2 which refers to Page 86 of HB 2550A. This amendment deals with mobile home certification fees.

140 JIM SCHERZINGER continued explaining HB 2550-A48, Lines 1-2, Page 2, EXHIBIT 2 which deals with the definition of unit of property.

186 JIM SCHERZINGER explained Page 2, EXHIBIT 2 which restores Section 219 into HB 2550A on Page 108. Section 219 allows a local taxing district to allocate losses from Measure 5 to any of it's levies.

200 SEN. DUKES questioned the process presented in Section 219. EXHIBIT 3

240 JIM SCHERZINGER used a blackboard illustration to explain the workings of Section 219. EXHIBIT 4

262 JIM SCHERZINGER addressed the changes in HB 2550-A48 amendments in

lines 13-20, Page 2, EXHIBIT 2 on Page 115 of HB 2550A which deals with what should be done if an error is made in certifying a tax on property.

290 CONSENSUS CHAIR CEASE noted no objection to the adoption of the corrected HB 2550-A48 (LC 2386) amendments dated 5/7/91.

301 JIM SCHERZINGER presented and explained HB 2550-A61 amendments which deal with lender gross error. Lending institutions want the ability to ask for corrections in assessment on foreclosed property. Discussion and questions are interspersed. EXHIBIT 5

341 SEN. SMITH asked if the property owner could ask for the reassessment.

357 DON FORDYCE explained the intent of HB 2550-A61 amendments dealing with delinquent loan payments as well as delinquent taxes. If the property is foreclosed and there are delinquent taxes the lending institutions would like the DOR to reassess the value of the property because many times foreclosed property has depreciated in value.

390 Discussion follows regarding the DOR reassessing foreclosed property. TAPE 173 SIDE A

011 JIM BROWN explained how the DOR would decide if the foreclosed property needs to be reassessed. This is done through a hearing and the two adverse parties would include the assessor and the tax collector.

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035 SEN. DUKES questioned the gross error of property that is deteriorating because of financial difficulties. It was asked how the property was determined to be in poor condition two years prior.

056 DON FORDYCE responded that the issue is lending institutions need a chance to decide if the taxes are fair or not on property they have become the owners of through foreclosure.

065 Discussion follows regarding the challenging of assessed value. The question was raised regarding lender gross error which allows to address an appeal over the past two years and how would a party know at what point in time the property began to deteriorate.

110 SEN. DUKES asked if a lending institution were to challenge an appraisal, there would be a guarantee that the DOR or a local county appraiser would appraise on behalf of the unit of government that is going to loose the money.

113 JIM BROWN responded by explaining Page 1, EXHIBIT 5. Reference is made to subsection (e) on Page 2, EXHIBIT 5 which clarifies there is a different burden of proof and 20 percent appraisal error is recommended to be put in the blank on Page 2, EXHIBIT 5. Discussion and questions are interspersed.

175 Discussion follows regarding the appeal process. Reference was made to a stipulation between the county and the taxpayer.

212 CONSENSUS CHAIR CEASE noted no objection to insert 20 percent in the blank on Page 2, EXHIBIT 5.

218 MOTION SEN. BRENNEMAN moved to adopt HB 2550-A61 (LC 2386) amendments dated 5/28/91. EXHIBIT 5

225 DISCUSSION Reference was made to include language clarifying the burden of proof that the foreclosed property needs to be reassessed. Discussion follows.

260 JIM BROWN suggested the DOR have rules drafted explaining the burden of proof.

312 SEN. DUKES recommended including language in HB 2550-A61 that requires an appraisal. EXHIBIT 5

344 KIM WORRELL explained the normal process of an appeal and the county

assessor would be the one reviewing the challenged assessed value.  
Discussion follows.

TAPE 172 SIDE B

008 Discussion continues regarding including proof of burden rules in HB  
255 0-A61. EXHIBIT 5

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021 SEN. DUKES asked if an outline could be presented of what requirements  
would be included in the rule making for the proof of burden.

031 JIM BROWN responded, by rule the DOR would require more information  
such as a full appraisal be submitted by the financial institution. The  
rules would apply to subsection (e), Page 2, EXHIBIT 5. Discussion follows.

068 CHAIR CEASE pointed out for the record the conceptual drafting of proof  
of burden rules to comply with HB 2550-A61.

075 ORDER There being no objection to the motion by Sen. Brenneman, Chair  
Cease so ordered.

080 JIM SCHERZINGER presented HB 2550-A58 which are a collection of three  
sets of amendments. EXHIBIT 6

095 It was clarified that the HB 2550-A61 are inserted on Page 20 in  
Section 32a in HB 2550A. EXHIBIT 5

106 JIM SCHERZINGER continued explaining the three components of HB  
255 0-A58. The first component begins with Lines 1-7, EXHIBIT 6 of the  
amendments dealing with property tax exemption for commercial facilities  
under construction. EXHIBIT 6

165 JIM SCHERZINGER presented the second component of HB 2550-A58  
amendments dealing with the date change on income elections. The DOR would  
like to change the date to September instead of July.

196 JIM KENNEY testified as to the reasons for changing the date to  
September.

203 JIM SCHERZINGER discussed the third component of EXHIBIT 6 which deals  
with utility supplemental returns.

237 JIM SCHERZINGER presented a hand engrossed version of the changes in  
Section 144 dealing with the utility property return. Reference is made to  
Page 77-78 of HB 2550A. EXHIBIT 7

301 JIM KENNEY pointed out a correction after Line 22, Page 1, EXHIBIT 6.  
The following should be included: "In line 3 delete proposed".

337 CONSENSUS CHAIR CEASE noted no objection to include "In line 3 delete  
proposed" after Line 22, Page 1, EXHIBIT 6.

352 CONSENSUS CHAIR CEASE noted no objection to adopt corrected amendment  
HB 2550-A58 (LC 2386) dated 5/28/91. EXHIBIT 6

369 JIM SCHERZINGER presented HB 2550-A63 amendments which deal with  
payments by the tax collector to the taxing districts. The tax collector  
will not make an estimate but look at how much was imposed. Reference is  
made to Page 123 of HB 2550A. EXHIBIT 8

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008 JIM SCHERZINGER explained the remainder of HB 2550-A63 amendments deal

with the time that the tax collector makes payments to the taxing districts. EXHIBIT 8

031 SEN DUKES asked if the districts were content with the proposed amendments. EXHIBIT 8

038 JIM SCHERZINGER pointed out that the amendments do not apply to the current tax year but will go into effect on or after July 1, 1992.

062 It was decided to hold off on adopting HB 2550-A63 until the districts have an opportunity to study the amendments.

064 CHAIR CEASE adjourned the meeting at 3:00.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

#### EXHIBIT SUMMARY

1. List of HB 2550A Amendments, LRO, 5/29/91 - HB 2550A
2. Proposed Amendments HB 2550-A48 (LC 2386), 5/7/91 - HB 2550A
3. Hand Engrossed Pages of HB 2550A, LRO, 5/29/91 - HB 2550A
4. Blackboard Illustration, LRO, 5/29/91 - HB 2550A
5. Proposed Amendments HB 2550-A11 (LC 2386), 5/28/91 - HB 2550A
6. Proposed Amendments HB 2550-A58 (LC 2386), 5/28/91 - HB 2550A
7. Hand Engrossed Bill, LRO, 5/29/91 - HB 2550A
8. Proposed Amendments HB 2550-A63, 5/28/91 - HB 2550A

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