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REVENUE MEASURES PASSED BY THE 1991 LEGISLATIVE SESSION

Research Report 6-91
July 15, 1991

This report summarizes bills passed by the 1991 Legislature relating to state and local revenue and school finance.

The summaries are organized into subject areas. Preceding the summaries are two indexes. The first lists bills by general topic area. The second is by bill number. Below is a quick guide to the subject area sections in the report.

The summaries are brief and are not intended to a full description of the content of each bill. For more information, consult the bill itself or contact the Legislative Revenue Office.

BILLS BY SUBJECT AREA

BILLS BY BILL NUMBER

HOUSE BILLS (continued) **PAGE**

INCOME TAXES

SB 95

Extends sunset of corporate income tax credit for loans to weatherize homes heated with oil or other non-utility fuel from January 1, 1992 to January 1, 1997.

Repeals provision refunding credit in excess of the lender's taxes. Allows unused credit to be carried forward up to 15 years.

Revenue Impact:

State - General Fund revenue loss of about $50,000 in 1991-93 and $191,000 in 1993-95.

SB 656

Increases Public Employee Retirement System (PERS) benefits of existing and future retirees with at least 10 years of service. Requires similar increase for Oregon non-PERS public police and fire retirement systems. Begins increases January 1, 1991.

Voids benefit increase if PERS benefits exempt from personal income tax.

Funds increase from employer contributions.

Confers original jurisdiction upon Oregon Supreme Court to resolve any constitutional questions related to the taxation of PERS benefits. Sets appeal procedures.

Revenue Impact:

State - General Fund revenue increase of about $2.25 million for the 1991-93 biennium, assuming benefits are taxed under HB 2352.

SB 813

Requires Health Division to educate Oregonians on the needs and procedures associated with bone marrow transplants. Requires Health Division to conduct a bone marrow drive among state employees.

Declares employer denial of employee request to use accrued paid leave for bone marrow donation an unfair employment practice.

Grants employer income tax credit equal to 25% of bone marrow donor expense. Defines bone marrow expense to include employer costs for program development, employee education, employee tissue type determination, employee transportation, and wages related to bone marrow transplants. Excludes use of regular paid leave from eligibility for credit.

Applies to 1991 through 1994 tax years.

Revenue Impact:

State - General Fund revenue loss of about $191,000 for 1991-93 and $199,000 in 1993-95.

SB 828

Expands personal income tax credit for sewer hookups to include orders by the Assistant Director of Health issued between January 1, 1988 and January 1, 1989 and between January 1, 1990 and July 1, 1995. Allows taxpayers to claim 1985 through 1990 credits on 1991 or 1992 tax returns as if amended returns were filed for all affected years.

Increases credit to $800 (from $750). Applies to connections made after December 31, 1991.

Revenue Impact:

State - General Fund revenue loss of $98,000 in 1991-93 and $198,000 in 1993-95. Expanding eligibility qualifies about 285 homes in Philomath and Holcomb-Parkplace and about 20 homes in Yaquina-John's Point.

SB 857

Changes existing corporate tax credit for making loans for constructing or rehabilitating farm worker housing. Allows financial institution to sell loan and continue to claim the credit if it remains responsible for servicing the loan. Repeals requirement that housing be in compliance with safety and health standards, be registered, and be operated by a licensed operator. Requires borrower to certify housing will be in compliance with safety and health standards when first occupied.

Changes existing income tax credit for constructing or rehabilitating farm worker housing. Defines eligible costs. For builders, repeals requirement that housing be in compliance with safety and health standards, be registered, and be operated by a licensed operator. Instead requires housing, upon completion, to comply with safety and health standards. Limits Department of Revenue's authority to disallow builders' credit to cases of fraud or misrepresentation.

Revenue Impact:

State - General Fund revenue loss of about $516,000 in 1991-93 and $1,421,000 in 1993-95.

SB 1076

Requires Department of Insurance and Finance to develop basic health care plans for small employers (3 to 25 eligible employees). Requires any insurer, HMO, or multiple employer welfare arrangement serving the small employer market to offer these plans. Specifies basic health care plan provisions. Requires the plans to charge premiums within a certain range and to be renewable in the absence of fraud or non-payment.

Establishes the Oregon Small Employer Health Reinsurance Pool, authorized to assess certain insurers and to reinsure basic health care plans for small employers. Makes funding of Insurance Pool Fund (created last session) contingent on obtaining federal waivers to implement the low income health care program established by SB 27 last session.

Expands health insurance income tax credit to include employees of one-to-two employee firms (includes self-employed) who are uninsurable for health reasons and who purchase insurance through the Oregon Medical Insurance Pool. Extends sunset of credit from January 1, 1994 to July 1, 1995.

Revenue Impact:

State - General Fund revenue loss of about $72,000 in 1991-93 and $960,000 in 1993-95.

SB 5575

Cancels "surplus kicker" tax credit scheduled for the 1991 tax return. Applies to 1991 tax year only. Credits "kicker" funds to the State School Fund.

Revenue Impact:

State - Increases 1991-93 revenue by $180.2 million in 1991-93. No impact on any future biennium.

HB 2002

Requires Department of Education to prepare guidelines for child development and student parent programs in schools. Allows department to certify up to 20 of each program type. Allows no more than 30 children in each program.

Grants income tax credit equal to 50% of contributions to certified programs. Limits each taxpayer's credit to $5,000 for each location contributed to. Reduces charitable contribution deduction if the tax credit is claimed.

Applies to tax years 1991 through 1995.

Revenue Impact:

State - General Fund revenue loss of about $450,000 in 1991-93 and $1,125,000 in 1993-95.

HB 2130

Expands business energy income tax credit to include alternative fuel vehicle purchases and conversions and the facilities required to operate these vehicles. Limits eligibility to vehicle fleets. Limits value certified to $2.5 million per year.

Clarifies that acquired facilities are eligible for the credit.

Expands eligibility of public utilities to qualify facilities for credit. Makes subsidiaries of public utilities eligible to receive credit for financing alternative fuel vehicles and related facilities. Allows investor-owned utilities to receive credit and pay equivalent to business customers who purchase facilities. Makes other changes.

Revenue Impact:

None. Current law limits total certifications to $40 million per year. The Department of Energy is already certifying up to the limit each year. Thus expanding eligibility will change the type of facilities eligible but not the total value certified.

HB 2151

Transfers administration of deferred compensation plan from Executive Department to Public Employes' Retirement Board. Repeals requirement for Emergency Board approval. Allows local governments to participate in deferred compensation plan.

Changes limit on contributions from 25% of eligible monthly income to the maximum deferrable under federal law.

Revenue Impact:

State - General Fund revenue loss of less than $25,000 per biennium from increased deferrals. Some of the lost revenue may be recovered in future bienniums when the amounts deferred plus interest are received as retirement benefits.

Federal law limits deferrals to 25% of eligible income up to $7500, the same as Oregon. But federal law also allows a "catch-up" in the 3 years prior to retirement age if less than the limit has been deferred in previous years. For these 3 years, a person may defer, in addition to the regular amount, the amount needed to catch-up, up to $7500. Oregon law does not allow catch-up deferrals. There have been few requests for catch-up deferrals.

HB 2162

Clarifies eligibility of S corporations for their prorated share of business tax credits.

Expands personal income tax credit for rural doctors, physician's assistants, and nurse practitioners as follows:

- Includes nurse anesthetists
- Includes persons practicing in type B hospitals in metropolitan statistical areas if they are 30 or more miles from the closest hospital in the major population center
- Includes Type B hospitals reclassified between January 1, 1989 and January 1, 1991.
- Extends sunset by 1 year to January 1, 1995.

In most cases, changes first apply to 1991 tax year.

Revenue Impact:

State - General Fund revenue loss of about $400,000 in 1991-93 and $400,000 in 1993-95.
The hospital changes qualify about 69 persons practicing in Florence, Lebanon, and Redmond. The bill qualifies about 4 nurse anesthetists.

HB 2164

Changes the date to which Oregon income and inheritance taxes are tied to the federal Internal Revenue Code from December 31, 1988 to December 31, 1990. This incorporates changes in the definition of taxable income made by the Omnibus Budget Reconciliation Acts of 1989 and 1990 and the Medicare Catastrophic Coverage Repeal Act of 1990.

Limits itemized deductions if adjusted gross income exceeds $100,000. Makes other changes increasing revenue involving employe stock option plans, long-term contracts, capitalizing franchise and trademarks, non-recognition of gains, consolidated returns, original issue discount obligations, contributed property, cellular telephones, interest paid to tax-exempt related persons, regulated investment companies, estimated and withholding taxes, foreign income and foreign taxpayers, punitive damages, modified endowment contracts, divisive reorganizations, preferred stock and stock and debt exchanges, cosmetic surgery, grantor trusts, and disabled access.

Makes exclusion of self-employed health insurance expense permanent. Continues employer-provided educational assistance and group legal services exclusions and research credit through December 31, 1991. Adds back itemized medical deductions reduced by the federal health insurance credit. Prevents double taxation of deferred gains and the income of a domestic international sales corporations. Makes technical corrections.

Adjusts personal income tax brackets for inflation beginning in 1993. Ties change to U.S. Consumer Price Index, average for all cities.

Grants Department of Revenue authority to adjust inter-group transactions if necessary to prevent tax evasion. Exempts taxpayers from interest on estimated tax underpayments in the year of disability or, if over age 62, in the year of retirement, if underpayment due to reasonable cause. Declares Oregon tax policy.

Includes deferred compensation in and excludes ministers' wages from mass transit district payroll tax.

Allows otherwise eligible owners completing investments in enterprise zones between March 1, 1992 and July 1, 1992 to qualify for property tax exemption.

Revenue Impact:

State - General Fund revenue changes as follows:

	1991-93	1993-95
Personal Income Tax		
Itemized deductions	$6.7 million	$ 7.1 million
Other increases	1.8 million	2.0 million
Index brackets	-2.4 million	-27.0 million
Other decreases	-4.0 million	-3.2 million
Total Personal	$2.1 million	$-21.1 million
Corporate Income Tax	$12.2 million	$14.8 million
Total Revenue Change	$14.3 million	$-6.3 million

Local - Changes in the payroll tax base for Mass Transit districts will increase district revenues by approximately $1.5 million. This estimate assumes that most employers currently report on wages subject to withholding base.

The enterprise zone change temporarily resolves a glitch caused by moving the property tax assessment date to July 1. The glitch disqualifies otherwise eligible owners who complete projects at the wrong time.

HB 2178

Exempts Oil Heat Commission reimbursements for oil tank cleanup costs from personal income taxes if they are included in federal taxable income and the costs are not otherwise deductible. Allows reimbursement for oil tank replacements, if environmentally safer, based on ability to pay.

Allows Oil Heat Commission to estimate the assessment on any oil marketer who fails to file reports. Allows the Commission to add collection costs to nonpayment or late payment penalties. Clarifies penalties. Income tax exemption first applies to 1989 tax year.

Revenue Impact:

State - General Fund revenue loss of $116,000 in 1991-93 and $106,000 in 1993-95, assuming the payments are taxable under current law.

HB 2262

Extends existing income tax credit for child care services, referrals, and facilities from January 1, 1992 to January 1, 2002.

Revenue Impact:

State - General Fund revenue loss of about $456,000 in 1991-93 and $714,000 in 1993-95.

HB 2352

Imposes personal income tax on federal pensions and Oregon state and local pensions like other pensions.

Grants income tax credit for all types of pensions. Sets credit to 9% of eligible pension income. Limits eligible pension to $15,000 ($7500 single) less social security retirement benefits and household income in excess of $30,000 ($15,000 single). Applies to taxpayers age 58 or over. Declares intent to repeal pension credit if any part found invalid by the courts. Forgives additional tax for any year prior to such determination.

Includes all eligible medical expenses in itemized deductions for taxpayers age 58 and over.

Increases minimum eligible age for the pension credit and the medical expense deduction by 1 year each biennium, stopping at 62 in 1999.

Expands elderly rental assistance by increasing eligible household income to $10,000 (from $5,000) and reducing rent threshold to 20% of income (from 40%).

First applies to 1991 tax year. Changes to elderly rental assistance first apply to October 1991 refund. Sets May, 1992 election date if the bill is referred by petition.

Revenue Impact:

State - General Fund revenue change:

	1991-93 Biennium	1993-95 Biennium
Tax on public pensions	+$184.3 million	+$171.3 million
Pension credit	-74.6 million	-62.3 million
Medical expense deduction	-10.8 million	-11.3 million
Total change	+$98.9 million	+$97.7 million

Note: Expansion of elderly rental assistance increases the required General Fund appropriation by $7.6 million in 1991-93 and $6.2 million in 1993-95, at current HARRP levels. (But see SB 820.)

HB 2531

Exempts military pay received between August 1, 1990 and the end of hostilities in the Persian Gulf Desert Shield area for active service in the Armed Forces of the United States outside Oregon. Disregards time in combat zone and time in a hospital due to combat injuries plus 180 days in determining deadlines for filing, paying, or otherwise complying with income tax laws. Pays interest on tax refunds from April 15 for individuals serving in a combat zone. Forgives current and prior year's income taxes and any outstanding uncollected income taxes if taxpayer dies from service in a combat zone.

Revenue Impact:

State - General Fund revenue loss of about $300,000 in 1991-93. No impact in future bienniums. Estimates assume hostilities end before 1992. For Desert Storm, the net effect is to exempt officers' pay over $500 a month. Current law exempts all other military pay. For Desert Shield, the bill exempts pay for about 1,000 personnel for 5 months. The estimate assumes about half of this pay would be excluded under current law.

HB 2644

Allows state college and university football coaches to contribute part of salary into a special federally-qualified football coaches retirement plan.

Revenue Impact:

State - General Fund revenue loss of about $27,000 in 1991-93 and 1993-95. Federal law excludes these contributions from taxable income. Oregon's connection to federal income excludes them from state tax. Some of the taxes may be recovered when the plan pays benefits after retirement.

HB 2715

Allows Oregon resident to exclude some IRA, Keogh, or SEP retirement plan withdrawals from personal income tax if the taxpayer contributed to the plan while residing in another state and that state allowed a smaller exclusion for contributions than federal law. Treats these withdrawals as mutually taxed income under the existing credit for taxes paid to another state.

Exclusion first applies in 1991. Allows exclusion for eligible withdrawals before 1991 to be subtracted in 1991.

Grants credit for taxes paid to another state to nonresidents instead of residents, if nonresident lives in state which grants similar credit. Clarifies credit for estates and trusts which are residents of both Oregon and another state. Nonresident credit first applies in 1992.

Revenue Impact:

State - General Fund revenue increase of $1,650,000 in 1991-93 and $1,875,000 in 1993-95, mostly from the nonresident credit change. (The retirement plan exclusion reduces 1991-93 revenue by $150,000.)

The nonresident credit gives a tax credit to taxpayers outside Oregon that have Oregon-source income (including pensions earned while working in Oregon), if the state they live in gives a tax credit to people living in Oregon. These states currently are Arizona, California, and Hawaii. In effect, this means Oregon and these three states are agreeing to allow the resident state to tax mutually-taxable income first. Oregon gains revenue from this change because retirees who moved here from California will now pay full taxes to Oregon and get a credit for Oregon taxes paid on their California return. Although Oregon loses some by giving a credit to residents of California, this amount is not large because Oregon has not been aggressively collecting from retired nonresidents.

HB 3073

Grants personal income tax credit to mobile home owners forced to move their homes by a park closure, if the home is worth $50,000 or less and the owner's adjusted gross income is $30,000 or less. Sets credit to the actual moving costs up to $1,500. Spreads credit equally over three years. Allows unused credit to be carried forward for five years. Reduces eligible costs by any landlord reimbursement required by law.
Applies to 1992 through 1995 tax years.

Revenue Impact:

State - General Fund revenue loss $41,300 in 1991-93 and $211,000 in 1993-95.

HB 3457

Begins cost-sharing program to install from 20 to 75 fish screening devices during 1991-93. Requires Department of Fish and Wildlife to develop a plan for the future. Creates fish screening task force. Continues moratorium on existing law requiring screening of water diversions through June 30, 1993. Increases fishing license fees. Changes personal income tax credit for fish screening and by-pass devices.

Revenue Impact:

State - Uncertain General Fund revenue impact. It is unclear whether more eligible devices would be installed under current law or these changes.

HB 3467

Changes existing corporate income tax credit for making low-income housing loans. Allows lending institution to sell loan and continue to receive tax credits. Limits the total outstanding balance of eligible loans to $37.5 million. Requires Housing Agency to certify eligible loans. Allows credit for loans made by a nonprofit community development corporation for transfer to stockholding lending institutions. Allows credit for refinancing loans. Clarifies that loans for construction of qualified housing are eligible. Clarifies that use of federal low-income housing credits does not affect eligibility. Makes other changes.

Revenue Impact:

State - General Fund revenue loss of $1,500,000 in 1991-93 and $2,700,000 in 1993-95.

HB 3469

Requires State Apprenticeship and Training Council and Division of Vocational Education to establish a youth preapprenticeship pilot program. Limits program to 100 per biennium. Bans replacing regular employees with youth apprentices. Sets program and student eligibility standards. Imposes penalties for act violations.

Grants business income tax credit equal to wages paid to youth apprentice for first year of employment. Limits credit to $2,500 per student. Allows unused credit to be carried forward 3 years. Applies to tax years 1991 through 1995.

Revenue Impact:

State - General Fund revenue loss of $175,000 in 1991-93 and $250,000 in 1993-95.

PROPERTY TAXES

SB 83

Extends sunset to January 1, 1996 (currently January 1, 1992) of law that allows the Department of Veterans' Affairs (DVA) to continue farm use assessment of foreclosed property and avoid paying additional taxes on disqualification.

Continues to require assessor to notify both the owner and DVA of intent to disqualify and to postpone, for one year, disqualification of any farm property included on a list supplied by DVA. Requires assessor to continue special assessment of these properties when transferred to DVA unless DVA requests the property be exempt.

Continues special assessment of property for new buyer. Allows 1 year within EFU zone to establish farm use and requires application within 3 years outside EFU zone.

Revenue Impact:

Local - Additional tax reductions of $35,000 to $45,000 per year through 1995 based on DVA estimates of potential foreclosures. Additional tax revenues are distributed to local taxing districts in the area where the property is located.

SB 92

Changes "sheltered workshop" to "rehabilitation facility" in Oregon laws. Revises definition.

Revenue Impact:

Local - None. The revised definition will not change the properties eligible for the existing exemption for sheltered workshops. Currently, 87 private and 15 public rehabilitation facilities exist.

SB 175

Allows assessor to disregard a personal property lessee's election to pay property tax if property worth less than $2,000. Instead, allows assessor to assess owner or lessor. First applies to 1992-93 tax year.

Requires a personal representative's deed to be filed in each county where real property of an estate is located. Repeals requirement to record estate real property inventory or abstract in deed records.

Revenue Impact:

Local - Small increase in property tax revenues in areas over Measure 5's limits from higher personal property values. In areas below Measure 5's limits, tax will shift from other property to this personal property.

Small increase in real estate transfer fee revenues for property assessment from deed filings.

SB 442

Redefines net rental income for calculating the in-lieu payment for some farm labor camps and day care centers exempt from property taxes. Allows deduction for depreciation.

Clarifies eligibility of year-round housing for exemption. Permits families to live in housing. Permits use of exempt housing when agriculture work not available if renters work when it is available.

First applies to the rental income year ending October 15, 1991.

Revenue Impact:

Local - Reduces in-lieu payments about $40,000 per year. The in-lieu amount is equal to 10% of net rental income. This bill changes the law to correspond to practice before a recent Attorney General's opinion. Thus the bill means little change in in-lieu payments, compared to current practice. Six camps currently use the exemption. Of these, four currently make no in-lieu payment.

SB 550

Makes temporary, emergency changes to property tax system to implement Measure 5. Specifies intent to prevent redundant value appeals and avoid confusing taxpayer.

Changes 1991 ratio study data collection period to December 1, 1989 through April 30, 1991. Requires assessor to finish ratio study by July 1, 1991. Postpones Board of Equalization's review of ratio study from March to July, 1991. Makes corresponding changes in dates for Department of Revenue action to equalize tax roll.

Eliminates May notification of value increases. States intent that value notices will appear on 1991-92 tax statements to be mailed in October and appeals will follow tax statement.

Requires local governments to notify assessors by July 15 of the amount of any tax, fee or charge on ad valorem property that falls under the Measure 5 tax limit. Requires assessor to notify governmental units if subject to proration under Measure 5 limit.

Repeals or suspends certain property tax statutes dealing with assessment and equalization activity between January and June.

Declares emergency. Takes effect on passage. Repeals new statutes July 1, 1992.

Revenue Impact:

None.

SB 729

Modifies calculation of base employment for measuring employee growth of businesses qualifying for the enterprise zone property tax exemption. Sets base to average for 12 months preceding precertification application. Applies to firms seeking precertification after effective date of act. Allows assessor access to employment reports of qualified firm.

Revenue Impact:

None.

SB 820

Reduces maximum refund paid by Homeowners and Renters Refund Program (HARRP) on 1990 return (paid October, 1991). Decreases homeowner maximum refund from $750 to $500 for household income less than $500. Gradually reduces maximum refund to $36 as income increases to $10,000. Eliminates refund for household income between $10,000 and $17,500. Sets renter maximum refunds to half of homeowners.

Repeals HARRP beginning with 1991 return year. Continues Elderly Rental Assistance (ERA) program.

Requires Department of Revenue to notify taxpayers who file 1990 returns of reduction and repeal.

Revenue Impact:

State - No revenue impact. Reduces amount needed to fund HARRP, ERA, and state-paid housing exemptions by $68.4 million in 1991-93 (from $98 million to $29.6 million), assuming the expanded ERA in HB 2352.

SB 1185

Requires non-school property tax districts in each county to compile a report (tax coordination plan) on the tax authority and needs of each district in the county. Requires county or its designee to call meeting to develop report. Requires newly levying districts to participate in meeting.

Requires non-school district wishing to ask voters for tax levy approval to hold separate hearing on the impact of proposed levy on other taxing districts. Through January 1, 1994, requires ballot explanation to indicate if proposed levy affects other districts.

Allows non-school levy election only if district certifies coordination plan was compiled, hearing was held, and appropriate ballot explanation was created.

Requires new intergovernmental agreements to detail impact on coordination plan. Applies through end of 1993. Designates Tax Supervising and Conservation Commission (TSCC) to call meeting for Multnomah County. Designates existing TSCC hearings as meeting the hearing requirement.

Applies only to 1992-93 tax year, except as noted.

Revenue Impact:

None.

HB 2152

Revises method to determine if sufficient funds are available to make state general obligation bond payments. Requires each agency issuing general obligation bonds to annually certify if funds are sufficient without a state property tax levy. Allows agency to request extension beyond December 31 before appropriation canceled and reversion made to the General Fund. Revises reports required in Executive Department's state financial report.

Clarifies state property tax levy and collection procedure for county assessors. Allows Department of Revenue to make rules. Changes county payment dates. Repeals county authority to reduce any state levy by interest costs on county bonds to finance interstate bridges. Validates state certification procedure.

Revenue Impact:

None.

HB 2550

Makes many statutory changes to implement Section 11b, Article XI of the Oregon Constitution (Measure 5). The major changes:

- Move the date on which property is identified for taxation from January 1 of the prior year to July 1 of the current tax year. Move the value appeal period for most property from late spring (before tax bills are sent) to just after tax bills are sent. Change dates for filing many property tax forms and returns.
- Define the terms used in Measure 5.
- Create an additional appeal right for a property whose value drops during the tax year. Limit gross error corrections to properties overvalued, as finally determined on appeal, by at least 20%. Create local boards of ratio review and adjust the structure of boards of equalization to accommodate the changes in appeal rights and times.
- Establish a process to appeal or ask for court review of local determinations of whether a charge is subject to Measure 5's limits.
- Allow local governments to use current supplemental budget process to spend unanticipated property taxes.
- Give assessor direction to calculate taxes under Measure 5.
- Define the state constitutional obligation to replace school revenue.
- Create new procedures and reserve funds for refunding taxes.
- Base local tax rate and bonding limits on real market value.
- Apply the Measure 5 limits to the special value of farm land, forest land, open space, and property receiving a veteran's, historic, or other partial exemption instead of the real market value. Tighten qualifications for farm use value outside EFU zones. Change calculation of additional taxes imposed on disqualification for exemption or special assessment. Require interim study of property tax exemptions and special assessments.
- Temporarily convert the timber severance taxes to privilege taxes and reduce the tax rates. Require interim study of timber taxes.
- Allow irrigation and other water districts to levy charges on water users. Repeal ability to collect unpaid service charges through the property tax system, except for sewer charges by agencies not delivering water.
- Clarify or rewrite oil and gas severance tax, zone 1 fire protection assessments, wine taxes, proportionally registered vehicle fees, and mobile home fees to not be subject to Measure 5 limits. End continuous registration of campers and travel trailers.
- Convert amusement device tax to privilege tax. Lower tax on games of skill to $37.50 ("kiddie games") and $75. Clarify that state-owned or approved games of chance pay current $100 tax. Change distribution of revenue. Currently, Youth Conservation Corps (YCC) gets 50%, counties 20%, and state General Fund 30%. Under this bill, on the first $75 of any tax, YCC gets 31%, counties 36%, and state 33%. YCC gets the remaining $25 of the $100 tax on games of chance.
- Repeal the scheduled increase in taxes on electric co-ops.
- Impose urban renewal taxes on all taxpayers in city or county that created agency. Include urban renewal taxes on tax statements. Require urban renewal plan to contain either a date after which no new bonded debt may be issued or a maximum amount of bonded debt that may be issued. Require mail notice to affected households of proposed urban renewal plans or major changes. For county-created agencies, allow newspaper notice to households outside affected school districts.
- Allow county to charge $10 fee for certifying mobile home taxes.
- Allow allocation of loss from multiple levies.

Generally first applies changes to the 1991-92 tax year.

For more on HB 2550, see Research Report 5-91.

HB 2550 (continued)

Revenue Impact:

Local property taxes - The limits on specially assessed and partially exempt property will reduce property tax revenue more than Measure 5 would have done by itself. The additional tax changes reduce revenue. The urban renewal changes increase revenue. Rough estimates, in millions, are:

	First year (1991-92)			Full phase-in (1995-96)		
	Schools	Other	Total	Schools	Other	Total
Farm land	-3.3	-	-3.3	-20.0	-	-20.0
Forest land	-1.8	-	-1.8	-7.0	-	-7.0
Veterans exemption	-1.2	-0.5	-1.7	-1.1	-0.4	-1.5
Historic property	-0.7	-0.5	-1.2	-1.1	-0.4	-1.5
Urban renewal	+18.0	-	+18.0	+2.0	-	+2.0
Other changes	*	*	*	*	*	*

* Indeterminate, but not large.

Although the bill does not change the calculation of the total amount of urban renewal taxes, it affects who pays them. Without this bill, urban renewal taxes above Measure 5's limits would be borne mainly by property in the renewal area. Under this bill, these taxes will be borne by property within the creating city or county. In the long run, urban renewal districts probably would not survive if current law were not amended.

Timber severance taxes - Reduces western taxes by about $5 million in 1991-92 and $9 million in 1992-93 compared to current levels. Reduces eastern taxes $400,000 in 1991-92 and $800,000 in 1992-93. However, the rates are substantial increases over what could be collected if the taxes were subject to Measure 5. Reductions mainly affect schools and counties in timber areas. In areas below Measure 5 limits, reductions increase taxes on other property.

Electric cooperative tax - Forestalls a scheduled $2 million annual increase in the taxes on these cooperatives. Revenues go mainly to counties.

County mobile home certification fee - No direct impact. The fee is optional.

Amusement device tax - Depends on fate of HB 3151 (ban of "gray" video poker machines), as follows:

	HB 2550 by itself	HB 2550 & HB 3151
Youth Conservation Corps	-$813,800	-$210,000
Counties	+187,200	+540,000
State General Fund	-248,400	+75,000

Camper and travel trailer fees - Repealing continuous registration reduces revenue to parks about $250,000 in 1991-93 and $500,000 in 1993-95 from current levels, based on reasonable but highly speculative assumptions. However, if continuous registration were not repealed, Measure 5 might reduce these revenues much further.

Other taxes and fees - The provisions that clarify or rewrite taxes or that allow user charges are designed to ensure these taxes are not subject to Measure 5 limits, preventing potential loss of revenues from these taxes.

HB 2602

Allows qualified historic cemeteries specially assessed as farm use land to be partitioned from farm land without paying additional taxes on disqualification for farm use. Applies to cemeteries: (1) in exclusive farm use zones, (2) of one acre or less, (3) with fewer than 50 graves. Establishes access to the cemetery.

Revenue Impact:

Local property taxes - Small revenue reduction in areas over Measure 5 limits. In areas below Measure 5 limits, taxes shift onto other property. The total value reduction is probably less than $150,000. A partitioned cemetery will be exempt from property taxes if it is a family burial ground or is owned by a cemetery association.

HB 2609

Requires Joint Interim Committee on Revenue and School Finance to study urban renewal financing.

Revenue Impact:

None.

HB 3050

Requires Department of Revenue to do interim study on industrial property appraisal methods, consult with advisory committee, and report to Joint Interim Committee on Revenue and School Finance. Requires county assessors to provide information on property tax system to taxpayers. Requires Department of Revenue to provide written material to assessors.

Keeps information subpoenaed by Department of Revenue for appraising industrial plant confidential until used in appeal process. Requires Department to notify information source before disclosure and to allow 30 days for court order to prohibit or limit disclosure. Restricts tax lien on repossessed personal property to the taxes on the repossessed property.

Revenue Impact:

Local - Negligible impact on property tax revenue. The bill restricts somewhat the authority of the Department to gather information to appraise industrial property. The restrictions, however, are not expected to have a significant impact on property value.

HB 3064

Allows local government to give its property to a nonprofit or municipal corporation for low-income housing, social services, or child care. Includes programs transferring ownership to low-income families. Allows counties to give property acquired by tax foreclosure.

Revenue Impact:

Local - Small reduction in property tax revenue to all taxing districts in a county that uses this authority. If a county transfers foreclosed property, the property cannot be sold to collect delinquent taxes. Multnomah County, for example, has selected 60 residential properties for transfer to the Nehemiah project (may grow to 130) with delinquent tax and interest averaging about $4,500 each. As these are given to the project, local taxing districts will lose whatever portion of the tax that could be collected from the net proceeds of selling the property.

HB 3065

Allows a county to cancel delinquent taxes and interest on property a person donates to a private nonprofit corporation or governmental body for low income housing, social services or child care. Sunsets January 1, 1994.

Allows reappraisal of property damaged or destroyed in the last six months of 1990 if located in a disaster area. Allows refund of 1990-91 tax on reduced value. Requires application by July 1, 1992.

Revenue Impact:

Local - Small reduction from canceled taxes on donated property. Allows property tax refunds of about $41,000 in Deschutes County for property destroyed in the Awbrey Hall fire.

HB 3378

Exempts property leased by housing authority or held in partnership with authority from property taxes. Requires authority to be general partner or manager in partnership and property to be leased for low income housing. Clarifies exemption for property leased to taxable low income tenant.

Revenue Impact:

Local - Makes legal the exemption of about $4 million of property value leased to the Clackamas Housing Authority. This saves the taxpayer about $90,000 in 1991-92 property taxes. Tax savings will decrease with phase-in of Measure 5.

Extension to partnerships will allow projects funded by federal income tax credits to be exempt. Several housing authorities are planning partnership or leasing projects to take advantage of federal tax credits. This bill will allow these projects to be exempt.

In areas below Measure 5 limits, exemptions shift the tax burden to other property. In areas above the limits, exemptions reduce local revenue. If school revenues decrease, the state's obligation to replace school revenue increases.

HB 3416

Expands low-income housing property tax exemption to housing owned by nonprofit corporation organized as public benefit or religious corporation. Requires 90% of rental income to be used for rental property repair and purchase. Requires application to local governing body with evidence of eligibility. Begins July 1, 1991 and sunsets in 2000.

Increases exemption period from 10 to 20 years that governing body can grant for low income housing. Applies to exemption eligible to both nonprofit and for profit owners passed in 1989. First applies to applications filed after effective date.

Revenue Impact:

Local - Indeterminate. Reduction in revenue for nonprofit public benefit or religious corporations exemption depends on local government willingness to approve applications. Property is exempt from tax of approving governing body. Property is exempt from all property tax when districts levying at least 51% of tax agree to exemption policy. For example, if Salem approves, then Salem Self-Help Housing rental property (17 homes) could be exempt from city taxes for up to 20 years.

In areas below Measure 5 limits, exemptions shift the tax burden to other property. In areas above the limits, exemptions reduce local revenue. If school revenues decrease, the state's obligation to replace school revenue increases.

SCHOOL FINANCE

SB 237

Allows the State Land Board to reinvest dividend earnings of the Common School Fund instead of distributing them to school districts.

Revenue Impact:

Common School Fund - Reinvesting dividends will make the Common School Fund portfolio value (currently about $210 million) grow somewhat faster.

Local School Districts - Reinvesting dividends will marginally reduce the current distribution of revenues to the districts. The total distribution was about $14.3 million in 1989-90. Only about $20 million of the $210 million portfolio is currently invested in stocks. Thus the impact will not be large. As the current policy of investing more in stocks rather than bonds continues, the impact will grow. In the long run, reinvesting dividends will build the portfolio value faster and generate larger revenues for school districts.

SB 304

Updates to 1990 census the population limits defining the counties allowed to distribute more than 25% of federal forest receipts to the county school fund. Affects Curry, Grant, Harney, Klamath, Gilliam, Morrow, Sherman, and Wallowa counties.

Revenue Impact:

None.

SB 814

Creates permanent formula for distribution of state school support. Pays each district a general purpose grant plus a transportation grant, reduced by most local general revenue.

Sets general grant to $4500 per weighted student, adjusted for many factors and prorated to match appropriation. Sets transportation grant to 70% of approved costs.

First applies to 1992-93 fiscal year. Guarantees combination of state aid and local revenue cannot decline or grow more than 25% in 1992-93.

Requires study of additional adjustments. Requires report on progress gathering data.

Replaces 85% of Measure 5 losses of education service districts (100% of equalization levy losses), up to 6% levy growth. Distributes community college replacement by rule. Limits state constitutional replacement obligation to 6% subsidy of school property tax revenue growth.

Mandates transportation programs. Limits spending of payments for depreciation of transportation equipment to purchase of new equipment.

Lists and states intent to fund categorical programs. Distributes 1991-92 deposits to Western Oregon Timber Tax Offset Guarantee Account to taxing districts in 1992-93 to offset local property taxes. Repeals separate reimbursement of excess special education and trainable mentally retarded costs. Makes numerous administrative changes.

Revenue Impact:

In 1991-92, about $9.6 million will be distributed from the timber guarantee account, reducing local property taxes by about $2 million and increasing revenue to local districts, mainly schools, by about $7.2 million. No impact in any other year.

For more on SB 814, see Research Report 7-91.

SB 815

Distributes general aid to schools for one year — 1991-92.

Distributes $623.8 million in basic aid. About $5 million goes to special education and early intervention programs traditionally funded by basic grants. The rest is distributed in same proportion as 1990-91 Basic School Support adjusted for changes in enrollment. No district can get less than 1990-91 Basic School Support grant.

Distributes $13.8 million in equity grants. These grants pay the amount needed to get spending of each district up to about 85% of the statewide average per student in 1990-91. The statewide average depends on the type of district.

Distributes $167.4 million in K-12 supplemental grants. These grants pay the amount needed to give each district the higher of: (1) 6% growth in property taxes; or (2) the levy approved by voters through the May election, up to 12% growth. Proportionally reduces grants if $167.4 million is not enough. Guarantees no district gets less total funding from property tax and state aid than it got in 1990-91. This guarantee is not subject to prorated reduction.

Allows two-year safety net districts and districts cutting transportation programs in last two years to take early distribution of 1992-93 state aid. Allocates safety net authority and supplemental grants for Harney ESD and school districts. Distributes 1990-91 deposits to Western Oregon Timber Tax Offset Guarantee Account back to taxing districts to offset local property taxes. Distributes community college grants by rule of State Board of Education. Limits state constitutional replacement obligation to amount needed to permit 6% growth of public school system.

Revenue Impact:

In 1991-92, about $10.9 million will be distributed from the timber guarantee account, reducing local property taxes by about $4.7 million and increasing revenue to local districts, mainly schools, by about $6.2 million. No impact in any other year.

For more on SB 815 see Research Report 7-91.

SB 917

Requires consolidation of union high school and elementary school districts. Makes districts offering less than a kindergarten through grade 12 program after July 1, 1997 nonstandard.

Revenue Impact:

Local School Districts - Little impact through 1992-93. After that, consolidation will tend to increase revenues to these districts by avoiding a negative adjustment for elementary districts in the permanent school formula in SB 814.

HB 2098

Repeals administrative school district statutes and makes numerous other changes in school district merger procedures. Allows late filing of boundary changes for the merger of the John Day and Mt. Vernon school districts in Grant County. Declares emergency. Takes effect on passage.

Revenue Impact:

John Day School District - Allows the district to levy local property taxes on the new consolidated district in 1991-92. Otherwise the consolidated district could only levy the John Day levy on John Day taxpayers. There is some risk to this estimate because the Oregon Constitution precludes attaching an emergency clause on measures regulating taxation.

HB 3565

Makes major reforms in the structure of the school system under the general title of 21st Century Schools. Dedicates 1% of state school fund to the 21st Century Schools Program and the School Improvement and Development Program, beginning in 1996.

Revenue Impact:

Local Schools - None in aggregate. Beginning in 1996, the 1% set-aside could affect the distribution of revenue among schools.

TIMBER TAXES

SB 1125

Makes numerous changes to the Forest Practices Act increasing the regulatory authority of the State Forester to protect streams, limit clearcuts, establish management practices to achieve water quality standards, restore wildlife habitat, hasten reforestation, expand use of written plans, create scenic highways, and to reduce the impact of cumulative effects. Requires studies.

Increases slash burning fees.

Increases temporary forest products harvest tax by 13¢ per thousand board feet. Dedicates revenue to State Forester. Applies to 1991-93 only.

Revenue Impact:

State Forester - Other fund increase of about $1.36 million in 1991-93 to fund the expanded regulation and studies. No impact in future bienniums. This 13¢ tax is in addition to the temporary 40¢ tax imposed by HB 2243, making the total tax for administration of the Forest Practices Act 53¢ per thousand board feet in 1991-93. These temporary taxes are typically reenacted each biennium.

HB 2145

Allows owner to combine contiguous parcels for fire protection assessment if the parcels are unimproved, not in a subdivision, in the same code area, and under farm or forest assessment. Imposes $25 initial fee plus $5 annual fee to combine parcels.

First applies to 1992-93 fiscal year.

Revenue Impact:

Local Fire Protection Districts - None. The small amount of lost revenue from fewer minimum assessments increases the per acre assessment and, potentially, the General Fund obligation to fund these districts.

State Forester - Increased revenue of about $12,500 in 1991-93 from the $25 initial fee. This assumes about 500 owners apply for combination in 1992-93. This is a small percentage of the total eligible, but many would lose or not save enough to justify the paperwork of filing an annual application.

HB 2148

Allows State Forester to retain, off the top, certain Chapter 530 timber receipts to pay for timber land purchases that have not generated income equal to the purchase price within five years of such purchase. Requires approval by affected county.

Revenue Impact:

State Forester - There are about 40 land purchases which would meet the criteria in 1991-93. If all affected counties approved, the revenue increase to the State Forester in 1991-93 would be about $100,000.

Local Government - Reduction by amount of State Forester increase.

HB 2243

Imposes temporary forest products harvest tax dedicated to the State Forester. Sets rate at 40¢ per thousand board feet. Adds industrial fire protection program to programs funded by this tax. Applies to 1991-93 only.

Revenue Impact:

State Forester - Other fund increase of about $4.44 million in 1991-93 to fund administration of the Forest Practices Act and the industrial fire protection program. This estimate is subject to large potential errors. This temporary tax is reenacted each biennium. The tax was 10¢ per thousand in 1987-89 and 16¢ per thousand in 1989-91.

HB 2245

Increases following taxes and assessments to replenish the Oregon Forest Land Protection Fund:

- Forest products harvest tax to 50¢ per thousand board feet (currently 30¢).
- Western Oregon acreage assessment to 4¢ per acre (currently 2¢).
- Eastern Oregon acreage assessment to 6¢ per acre (currently 4¢).
- Minimum assessment to $18 per parcel (currently $15).
- Improved lot surcharge to $38 (currently $20).

Increases protection fund reserve base to $15 million (currently $10 million). Limits expenditures from these taxes and assessments to $10 million. Allows State Forester to further increase these taxes and assessments to whatever level necessary to maintain a $15 million reserve base.

For 1991-93 biennium only, increases share of local fire protection costs funded by local assessments to 60% (currently 50%).

Revenue Impact:

Oregon Forest Land Protection Fund - Other fund increase of about $15.2 million in 1991-93. There is great uncertainty over harvest volumes and harvest tax revenues in 1991-93.

HB 2419

Establishes Oregon Forest Resources Institute. Sets requirements for board of directors. Defines objectives of institute.

Imposes forest products harvest tax to fund the institute. Allows institute board of directors to set tax rate. Sets tax rate to 31¢ per thousand board feet in 1991-92 and limits rate to 75¢ plus inflation thereafter. Establishes process for timber producers to petition and vote on discontinuance of institute.

Revenue Impact:

Forest Resources Institute - Other fund increase of about $1.2 million for 1991-92, and up to $4.5 million (at the 75¢ rate) in 1992-93.

HB 2481

Codifies Federal requirements to ban exports from state and local forest lands. Sets penalties for violations.

Revenue Impact:

Local - The Common School Fund and local governments could get less revenue if timber purchasers lower bid prices due to the export ban. But this is due to the federal law, not this bill. Some unpredictable violation revenue could accrue to the State Forester.

HB 2716

Temporarily increases forest products harvest tax dedicated to funding the OSU forest research lab. Sets temporary rate at 25¢ per thousand board feet. Applies to 1991-93 biennium only.

Revenue Impact:

OSU Forest Research Lab - Other fund increase of about $2.88 million in 1991-93. When combined with the permanent rate of 5¢, total forest lab revenue from the harvest tax will be about $3.46 million in 1991-93. These estimates are subject to large potential errors. A temporary rate is reenacted each biennium. The temporary rate was 16¢ per thousand in 1989-91.

HB 2883

Extends current Western Oregon tax treatment of short rotation hardwoods (cottonwood and other fast-growing hardwood hybrids), including exemption from severance tax, to Eastern Oregon.

Revenue Impact:

Local - None. Growing short rotation hardwoods is a fledgling industry in both Eastern & Western Oregon. Any substantive revenue impacts are in future bienniums, depending on the economic success of early ventures in this area.

HB 3410

Allows property transferred to a new owner to automatically continue property tax assessment under the Western Oregon Small Tract Optional Tax (WOSTOT). Streamlines WOSTOT administration. Funds State Forester administration of WOSTOT from Western Oregon Severance Tax revenues in the 1991-93 biennium. Modifies procedures used to determine underproductive forest land and disqualify land from special assessment.

Revenue Impact:

State Forester - Other fund increase of about $300,000 in 1991-93 from rededication of severance taxes.

Local Government - Most of the $300,000 diverted revenues mean reduced revenue to local governments (primarily schools) in areas limited by the Measure 5 tax rate limits. The balance of the $300,000 will increase local tax rates in areas below the Measure 5 tax rate limits.

TRANSPORTATION

SB 74

Conforms definitions of "combined weight" in truck registration, fuel tax, and weight-mile tax laws. Clarifies roles of Department of Motor Vehicles and Public Utility Commission in registering trucks. Reduces mobile home transporter registration fees. Exempts tow dollies and converter gears from registration. Makes other changes.

Revenue Impact:

Other Fund - Minimal loss from lower registration fees.

SJR 12

Amends Constitution to allow use of fuel tax revenues for state parks, if the tax is in addition to current taxes and specifically dedicated to parks. Limits fuel tax increases for parks to 2¢ per biennium.

Submits proposed amendment to voters at general election in November, 1992.

Revenue Impact:

State Parks - No direct impact. Voters must approve this measure and a future legislature must impose a dedicated fuel tax before any tax could be collected. The earliest this could occur is the 1993-95 biennium. A 1¢ increase in fuel taxes raises about $15 million per year.

HB 2223

Reduces truck registration fees on trucks under 26,000 pounds. Reduces weight-mile fees on trucks to maintain cost responsibility. Corrects a 1989 oversight which excluded weight-mile fees for illegal amounts over 105,500 pounds. Changes basis of permitted vehicle (over 80,000 pounds) weight-mile rates to declared rather than actual weights. Adjusts flat fees and allows certain overheight container transport. Effective January 1, 1992.

Repeals some January 1, 1992 tax changes adopted by the 1989 legislature which by oversight were omitted from HB 3577. Resolves conflicts with HB 3577.

Revenue Impact:

Highway Fund - None. The revenue components of this bill are incorporated in HB 3577. If HB 3577 had not passed, revenue reduction of about $38 million in 1991-93 and $56 million in 1993-95 shared as follows:
State - 60%; counties - 24.4%; cities - 15.6%.

HB 2229

Allows Public Utility Commission to enter multi-state agreements for the collection of weight-mile taxes.

Revenue Impact:

None.

HB 2904

Allows farmer to use farm-plated truck to transport agricultural products for use by another farmer in exchange for products or other transportation.

Allows farmer to use farm-plated truck to transport straw for another farmer in exchange for products, labor, or other transportation if both farmers grow straw. Sunsets this section July 1, 1995.

Revenue Impact:

Highway Fund - Using farm-plated trucks exempts the transportation from weight-mile taxes and some safety laws. The weight-mile revenue reduction is unknown.

HB 3030

Increases driver's license fee by 25¢ per year, effective October 1, 1991. Dedicates increased revenues to Department of Transportation. Allows the Director of the Department of Transportation to transfer funds to Oregon State University for the Oregon Student Safety on the Move (OSSOM) program.

Revenue Impact:

OSSOM program - Increase of about $245,000 in 1991-93.

HB 3577

Increases motor vehicle registration fee by $15 annually, if voters approve constitutional amendment in HJR 27. Distributes revenues 80% to State Police, 10% to counties by vehicle registration, and 10% to cities by population. Begins increase July 1, 1992.

Increases gas tax by 2¢ per gallon (to 22¢) on January 1, 1992 and 2 additional cents (to 24¢) on January 1, 1993. Replaces 12.6% weight-mile truck tax increase scheduled for January 1, 1992 with 10% increase. Dedicates $500,000 of new revenues to counties in 1992 and 1993. Distributes the balance of new revenues the same as current highway fund.

Revenue Impact:

Highway Fund - About $39 million additional in 1991-93 (after the $1 million to counties), and about $100 million additional in 1993-95.

Other Funds for Police - No impact. After passage of this bill, HJR 27 was amended to forbid collection of a registration fee for police passed before January 1, 1993. Thus, even if voters approve HJR 27, the police portion of this bill will not take effect.

HJR 27

Amends Constitution to allow use of highway funds for policing of roads. Applies only to funds from an increase in fees or taxes specifically dedicated to policing. Forbids collection of registration fee increases for police approved before January 1, 1993.

Submits proposed amendment to voters at primary election in May, 1992.

Revenue Impact:

Other Funds for Police - No direct impact. Voters must approve this measure and a future legislature must impose a dedicated fee or tax before any revenue could be collected. The fee collection prohibition voids the registration fee increase for police in HB 3577.

MISCELLANEOUS

Environmental

SB 66

Establishes statewide solid waste management program.

Increases solid waste disposal fees. Sets increase at 35¢ per ton during 1992 and 1993 calendar years and 32¢ per ton thereafter. Imposes equivalent tonnage fees on waste from out-of-state, if existing surcharge found invalid. Allows Department of Environmental Quality to increase disposal site permit fees.

Requires taxpayers claiming a tax credit for using recycled or recyclable materials to prefer Oregon producers of the materials.

Revenue Impact:

Department of Environmental Quality - Other funds increase of $2.28 million in 1991-93.

State General Fund - Minimal impact on tax credits from Oregon preference. The affected existing credits are the pollution control and recycled plastics credits.

SB 241

Increases hazardous waste disposal fee to $24 per ton (currently $20) on July 1, 1993. Gradually increases fee to $30 per ton by March 31, 1993. Credits disposal fee increase against annual generator fee.

Requires Department of Environmental Quality to give technical assistance and information to conditionally exempt generators.

Revenue Impact:

Department of Environmental Quality - Other fund increase of $1.6 million in 1991-93 and $3.0 million in 1993-95.

SB 242

Requires oil contingency plans for oil facilities and vessels. Requires Environmental Quality Commission and Department of Environmental Quality (DEQ) to adopt rules, set standards, conduct inspections, and administer act.

Requires DEQ to impose fees to administer act. Sets fees to $25 a trip for cargo vessels and $28 a trip on non-self-propelled tankers. Allows DEQ to set fees for facilities and self-propelled tankers up to a total of $153,600 per year.

Revenue Impact:

Department of Environmental Quality - Other fund increase of $493,000 in 1991-93.

SB 1215

Imposes assessment on gasoline stored for resale in underground storage tanks. Exempts sales directly to commercial or industrial accounts (not for resale) and exempts gasoline stored above ground.

Sets rate to 1.1¢ per gallon for gasoline deposited directly into a retailer's tank, and 1.2¢ per gallon for gasoline stored temporarily in a distributor's underground tank for shipment to a retailer's underground tank. Sunsets assessment on July 1, 1999. Repeals $10 petroleum withdrawal fee.

Dedicates receipts to administering the underground storage tank (UST) program, guaranteeing and subsidizing loans to upgrade or replace UST's, and subsidizing UST liability insurance. Replaces lender's income tax credit on below market rate loans for UST upgrading with a direct subsidy.

Repeals gasoline assessment if Supreme Court rules it must be dedicated to highways or the common school fund. Imposes instead a $65 petroleum withdrawal fee.

Declares prohibition of retail self-service gasoline in public interest. Specifies exceptions.

Revenue Impact:

Department of Environmental Quality - Other fund increase of about $26 million in 1991-93 and $29 million in 1993-95 from the gasoline assessment, assuming October 1, 1991 effective date.

HB 2087

Modifies time allowed to complete hazardous substance survey.

Requires hazardous substance fee to be graduated, based on amount of hazard. Allows alternative registration fee. Clarifies exemptions.

Requires local fees to be compatible and collected with state fee, and not to fund programs that duplicate the state program.

Revenue Impact:

Department of Revenue - Small other fund increase from reimbursement of collection costs of local fees.

HB 2175

Establishes air pollutant emission fee on major stationary sources as required by the federal Clean Air Act Amendments of 1990. Sets annual fee to $13 per ton of regulated pollutant emitted or permitted in 1992-93 and 1993-94, and to $25 per ton after federal approval of the Oregon program (expected during 1994-95). Limits fee to first 4,000 tons per source. Requires Department of Environmental Quality to propose permanent fee structure to the next Legislature, and to report on implementation by July 1, 1992.

Imposes emission fee on passenger vehicles, paid every two years at registration, of $1 per year for 1981 or later model vehicles, and $2 per year for older vehicles. Begins fee July 1, 1993. Establishes a task force to study alternatives for reducing motor vehicle emissions. Institutes a two-stage system for curtailment of residential wood heating during air stagnation periods.

Reduces motor vehicle fuel tax on ethanol-blended fuels ("gasohol") by 5¢ per gallon. Begins in 1992 and ends after 1997. Requires Department of Transportation to recommend new rate if highway fund losses exceed 1% of fuel tax collections.

Revenue Impact:

Department of Environmental Quality - Other fund increase of $1.04 million in 1991-93 and $2.7 in 1993-95 from the stationary source fee. This estimate is highly uncertain. Permit holders may pay on either permitted or actually emitted pollutants. It is not clear whether firms will choose to pay on the lower emitted levels or, for convenience, choose to pay on a permitted level. The estimates assume 80,000 tons of emissions, based on 1987 emissions levels.

No impact from the vehicle fee in 1991-93. Other fund increase of about $7.4 million in 1993-95.

Highway Fund - Reduction of not more than $1.7 million in 1991-93 from the gasohol exemption. The reduction could eventually be $6.7 million per biennium if gasohol usage increases to 5% of motor fuel use, and $20 million per biennium if gasohol captures 15% of the market. Either figure appears plausible given the experience in other states. The bill requires the Department of Transportation to recommend reducing the tax preference on gasohol if the loss exceeds 1% (about $5 million per biennium).

HB 2246

Requires permit to collect or transport waste tires. Requires waste tire generators to keep records on the disposition of waste tires.

Extends sunset of the $1 per tire excise tax on replacement tires for 15 months, to September 30, 1992. Allows Department of Environmental Quality access to tire excise tax records.

Modifies laws covering abatement and disposal of waste tires and waste tire materials.

Revenue Impact:

Department of Environmental Quality - Other fund increase of about $2.25 million in 1991-93, less about $70,000 for Department of Revenue collection costs. No impact in future bienniums.

Local Government

SB 301

Expands scope of Metropolitan Service District (METRO) "passport" business license to include all contractors, not just residential contractors. Increases gross receipts threshold requiring an separate city license to $125,000 (currently $100,000).

Revenue Impact:

Local - Small increase in revenue collected through the passport system, offset by less revenue collected by individual cities.

SB 719

Allows cities to impose a business license fee to fund economic improvement ("downtown development") districts. Applies to business only in commercial or industrial zones.

Requires ordinance to include project descriptions, cost estimates, district boundaries, amount and duration of fee (5 year maximum plus extensions), notification and hearing procedure. Prohibits fee if more than 33% of businesses provide written objection at a public hearing. Allows advisory committee to develop improvement plan.

Revenue Impact:

Cities - No direct impact. Any fee must be enacted by local ordinance. Shifting funding of economic improvement districts to a business license fee will tend to increase revenue because existing assessments are limited by Measure 5.

SB 720

Allows city to permit voluntary payment of economic improvement district (EID) assessments. Allows improvement project to proceed if owners paying less than 33% of assessments object. Exempts owners filing written objections. Declares that owners not filing written objections have made a specific request for EID services and must pay assessment. Permits objectors to subsequently agree to assessment. Declares emergency.

Revenue Impact:

Cities - No direct impact. Any change to economic improvement assessments must be adopted by local ordinance. The purpose of the bill is make EID assessments qualify as "incurred charges" under Measure 5, and thus not subject to Measure 5's limits. However, the bill declares an owner who does not object to assessment has made a specific request to be assessed. This definition is different from that used in HB 2550 and may not be upheld by the courts.

HB 3048

Reforms and expands authority to issue Bancroft bonds. Allows local governments to provide more security for bonds. Restructures local improvement assessments to conform to Measure 5. Allows interim financing of local improvements.

Defines general obligation bonds and limited tax bonds. Requires ballot title of general obligation measure to say taxes to repay bonds are not limited by Measure 5. Allows negotiated sale of local general obligation and limited tax bonds, with expert advisor.

Allow governments to enter into credit agreements, such as borrowing money from a bank, unless otherwise restricted by a debt limit or other law or charter.

Allows all districts with bonding power to sell citizen's bonds. Increases minimum size of bond issue requiring publication of notice of sale in financial newspaper from $3 million to $10 million. Uses real market value to calculate state debt limits to the extent possible. Allows State Treasurer to establish local government investment pool to administer federal arbitrage requirements. Exempts port bonds for "conduit" financing from local budget law.

Revenue Impact:

No direct revenue impact. Expanding bonding and borrowing authority and allowing local governments to pledge more revenues to back bonds reduces borrowing costs at the expense of assuming some risk these revenues may have to be used to repay the bonds.

The refunding bond and credit agreement provisions clarify what taxes to repay bonds are outside Measure 5 limits.

HB 3213

Allows soil and water conservation districts to charge fees on properties subject to storm and surface water management plans if:

- the plans are due to a Department of Environmental Quality determination to establish a Total Maximum Daily Load for a body of water;
- another agency has not adopted a management plan affecting the property;
- the fees do not exceed the cost of the plan;
- the plan benefits the property; and
- the district performs work on the property.

Allows soil and water conservation district to impose a duty on landowners to maintain their property in conformance with the management plan.

Applies only to Tualatin River Basin and Bear Creek Basin. Sunsets January 1, 1996.

Requires soil and water district association to submit report to next Legislature.

Revenue Impact:

Local soil and water districts - Allows the two soil and water conservation districts serving the two basins to impose fees in eligible areas.

If a district requires landowners to maintain their property and allows landowners to maintain their property instead of paying the fee, the fee may be an incurred charge and thus not subject to the limits of Measure 5.

HJR 68

Resolves the Association of Oregon Counties, League of Oregon Cities, and Special Districts Association to promote tax restraint by local government through July 1, 1992. Resolves the state to not preempt local taxing authority during this period. Calls for the Legislature to work with representatives of these groups during the interim to design and implement comprehensive tax changes.

Revenue Impact:

Local - No direct effect. To the extent local governments refrain from enacting new taxes, local revenues will be lower than they would have been otherwise.

Other

SB 10

Allows state agency to require payments be made by electronic funds transfer. Allows agency to impose up to 5% penalty for failure to use electronic funds transfer. Requires agency to consult with State Treasurer.

Revenue Impact:

State - Small increase in General and Other Funds revenue in the 1991-93 biennium, because the affected state agencies do not plan to implement the bill rapidly.

In the long run, General Fund revenue could increase by as much as $1 to $1.5 million per biennium, primarily from interest earnings from more rapid collection of income tax withholding. Smaller increases in Other Funds revenue could also accrue from more rapid collection of employment taxes.

SB 530

Continues 2.43% state share of off-course mutuel wagering through July 1, 1993. (Current law would increase the share to a range of 6.3% to 7.08%.)

Requires operators to submit audit to Secretary of State. Requires Secretary of State to report to next Legislature on adequacy of operators' revenue.

Revenue Impact:

State General Fund - Reduction (by postponing scheduled increase) of $504,647 in 1991-93. No impact in future bienniums.

County Fairs - Reduction of $50,353 in 1991-93.

SB 863

Increases maximum rate of insurance assessment for insurance regulation from .06% to .09% of gross premiums. Allows Department of Insurance and Finance to charge different rates for different insurance lines, based on the cost of regulation.

Revenue Impact:

Department of Insurance and Finance - No impact on revenue. The assessment (currently .045%) is based on expenditures authorized in the agency's budget, so increasing the maximum does not increase the actual rate charged. If the Department chooses to charge different rates by line, property and casualty insurance assessments would increase (to a rate of about .057%), while life insurance assessments (.039%) and health insurance assessments (.036%) would drop. Increasing the maximum rate increases the maximum assessment about $1.5 million a year.

HB 2166

Allows state agencies to use a copy of a warrant in garnishment proceedings. Allows financial institutions to agree to periodic billings for the $5 fee per garnishment. Repeals requirement that debts determined uncollectible by the Secretary of State be assigned to the Department of Revenue. Allows Department of Revenue to begin collecting appealed taxes, interest, and penalties if the Department determines the appeal is frivolous. Requires payment of penalties before the Department of Revenue may issue a receipt for payment of amusement device tax.

Revenue Impact:

State General Fund and Counties - Minimal increase from collection of frivolous appeals and amusement device penalties.

HB 2212

Limits responsibility of the Oregon Insurance Guarantee Association to pay claims of insolvent insurers. Generally restricts responsibility to Oregon residents and a limited class of nonresidents. Limits amounts of some awards and limits maximum earnings rates on some awards. Takes effect on passage.

Revenue Impact:

State General Fund - Uncertain, though potentially substantial, increase in revenue. The Guarantee Association is funded by assessments on insurance companies. Assessed companies are allowed tax credits to recover the assessments. Limiting claims responsibility will reduce assessments and, therefore, tax credits against the General Fund. There is no dependable way to estimate total future claims under current law or this proposed change. Recent claims underwritten by the General Fund were 85% ($11.56 million out of $13.6 million) nonresident. Due to time lags between claims, assessments, and tax credits, the earliest any General Fund revenues could be impacted is 1993-95.

HB 2222

Extends the sunset of Oregon Telephone Assistance Program (OTAP) and Telecommunications for the Deaf Access Program (TDAP) to January 1, 1998 (currently January 1, 1992). Expands OTAP to include participants in any low income public assistance programs requiring income of not more than 135% of the poverty level.

Increases maximum fee for TDAP from 10¢ to 15¢ per telephone line per month, and reduces maximum fee for OTAP from 15¢ to 10¢. (The current TDAP fee is 10¢ and the current OTAP fee is 5¢.)

Revenue Impact:

Public Utility Commission - Other funds increase from extending the fees of about $4.0 million in 1991-93 and $5.6 million in 1993-95, based on a continuation of current fees. The PUC could raise fees, but do not plan to.

HB 2244

Establishes consolidated permit process and sets resource protection standards for chemical heap leach mining. Establishes minimum fees for permits and inspections. Requires fees to cover costs of program.

Creates Mineral Tax Task Force, composed of 15 representatives of interested parties, to determine feasibility and use of a state mineral tax. Establishes advisory committee composed of the Governor, or designee, and four legislators appointed by the Revenue Committee chairs.

Revenue Impact:

Other Funds - Increase from fees as needed to cover program costs, mainly for the Department of Geology and Mineral Industries, but also for Department of Water Resources and the Department of Fish and Wildlife.

HB 2867

Funds one-half of rail crossing safety program from the Grade Crossing Protection Account (GCPA), which is derived from vehicle registration and driver license fees. (Currently, the rail crossing program is funded by railroad regulatory fees.) Allows use of up to $100,000 from the GCPA each year to maintain railroad-highway crossing devices. Changes calculation of amount of highway funds dedicated to GCPA.

Modifies method of calculating railroad regulatory fees. Repeals a contingency fee passed in 1989 that was to be activated if the railroads prevailed in litigation challenging the existing fee system.

Revenue Impact:

Public Utility Commission - Other fund reduction in railroad regulation fees of about $624,000 in 1991-93. These funds are made up by withdrawals from the Grade Crossing Protection Account.

Highway Fund - Other fund reduction of about $24,000 in 1991-93 and $68,000 in 1993-95 from increased deposits to GCPA. The difference between withdrawals and deposits will reduce or slow the growth in the balance of the GCPA. The balance is currently over $3 million.

HB 3151

Bans "gray machines" - electrical or electro-mechanical devices that simulate traditional gambling games or award credits which can be recorded and removed other than through continuous play.

Eliminates requirement that video lottery receipts be dedicated to higher education faculty, light rail, and other transit programs. Confines video lottery terminals to parts of OLCC licensed premises restricted to minors.

Revenue Impact:

Lottery Revenue - No direct impact. However, banning gray machines is likely, under current law, to allow the Lottery Commission to establish video lottery games. According to the Lottery Commission, this could increase other fund revenue by $61 million in 1991-93 and $109 million in 1993-95.

Amusement Device Tax - Revenue increase of about $1.3 million in 1991-93, shared by the State General Fund, counties, and the Youth Conservation Corps. This assumes the Lottery Commission establishes video lottery games, the commission places their projection of about 10,500 terminals on-line, and the terminals are privately owned and subject to the amusement device tax. However, HB 2550 changes the distribution of amusement device revenues and lowers the tax on games of skill. For the combined effect of these two bills, see HB 2550.

Cities - Uncertain increase from city amusement device taxes.

HB 3564

Requires establishment of enhanced 9-1-1 telephone service, which provides automatic display of the caller's address and telephone number, in all areas of the state by January 1, 2000. Increases the 9-1-1 tax to 5% of exchange access services charges (currently 3%). Applies to calendar years 1992 through 1999.

Revenue Impact:

Emergency Communications Account - Other funds increase of about $7.8 million in 1991-93 and $13 million in 1993-95.