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REVENUE MEASURES PASSED BY THE 1993 LEGISLATIVE SESSION

Research Report 4-93
September 1, 1993

This report summarizes bills passed by the 1993 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 i the report.

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

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INCOME TAXES

SB 13 (684)

Allows Department of Energy to revoke a contractor's certificate for an energy device which either does not meet industry standards or where the contractor misrepresents to the customer either the tax credit program or the nature of the alternative energy device.

Limits the $2.5 million sub cap for alternative fuel fleet vehicles and related facilities under the $40 million annual certification limit for the business energy tax credit to facilities used to service alternative fuel fleet vehicles.

Allows owner of a rental housing unit to transfer a business energy tax credit for energy conservation measures in exchange for a cash payment equal to the present value of the tax credit if the conservation measure was recommended in an energy audit.

Applies to tax years beginning on or after January 1, 1994

Revenue Impact: None.

This bill will change the type of facilities which receive the business energy tax credit but the cost is controlled by the $40 million limit of facilities which receive preliminary certification.

SB 46 (212)

Denies eligibility for coverage by the Health Insurance Pool to persons whose health insurance premiums are paid by a public entity for the purpose of reducing the obligation of the payer. Effective November 4, 1993.

Revenue Impact:

No revenue impact.

This change will not affect the number of persons eligible for tax credits.

SB 47 (130)

Increases coverage under the Health Insurance Pool.

Requires Oregon Medical Insurance Pool Board to define the terms "resident" and "involuntary termination" for the purpose of determining eligibility for pool coverage and to specify the time period during which adverse rulings by insurers will qualify a person for pool coverage. Gives additional powers to the Board.

Extends eligibility to persons eligible for less benefits under Medical assistance then those adopted by the board. Extends eligibility to persons during 12 months following a termination of Pool coverage if termination was not because of eligibility for medical assistance.

Allows Board to provide a separate Medicare supplemental policy for individuals under age 65. Makes referral of an individual by an insurer in order to separate that individual from group coverage an unfair trade practice. Effective November 4, 1993.

Revenue Impact:

Minimal General Fund revenue loss.

Due to increased eligibility for the health insurance tax credit employers could be eligible for up to $6.25 per employee in the pool. The number of persons affected is expected to be small.

SB 270 (22)

Adds 5 year carry forward of unused credit to existing credit for donation of scientific equipment to post secondary schools and institutions of higher education. Applies to tax years beginning on or after January 1, 1993.

Revenue Impact:

State General Fund revenue loss:

1993-95	$50,000
1995-97	50,000

The revenue estimate is highly uncertain because it is not clear how many firms will not have sufficient tax liability to use the credit in the year the donation is made.

SB 285 (173)

Permits businesses to organize as limited liability companies (LLC's) and permits LLC's formed elsewhere to operate in Oregon. Applies to tax years beginning on or after January 1, 1994.

Revenue Impact:

Uncertain General Fund revenue reduction. Although many states have passed LLC laws, few states have comprehensively studied the revenue loss associated with them. These few states found relatively small short term effects, but are unclear about longer term impacts.

Explanation:

LLC's could impact General Fund revenues in three ways:

- An LLC may allow a company to avoid the federal and Oregon corporate income taxes.
- An LLC makes it easier to avoid some limits in current law, such as the limit on deduction of passive losses, the built-in gains tax on conversion to an S corporation, and the inability to carry back or offset corporate losses against other income.
- An LLC would not have to pay the $10 minimum tax on S corporations and no-income C corporations.

The state and federal tax classification of business entities is determined by Internal Revenue Service rules. An LLC formed under this bill may or may not be taxed as a corporation, depending on the particular structure of the LLC. This bill allows some companies to structure themselves more like a corporation without crossing the line that would tax them as a corporation. Existing studies suggest that few existing C corporations would switch to an LLC, so the short term revenue impact is likely to be small.

However, if LLC's truly are attractive because they allow companies to avoid corporate taxes they would otherwise pay, this bill could have a significant impact in the long run.

SJM 16

Memorializes President and Congress to enact federal law prohibiting states from taxing pension benefits of out of state residents.

Revenue Impact:

None.

Comment:
Under current Oregon law, employer contributions made while an employee is an Oregon resident are taxable by Oregon when distributed as retirement benefits to a nonresident. Thus, should Congress take the requested action, there would be a state General Fund revenue loss. The amount of this loss is not easily estimated but probably small because the Department of Revenue does not actively pursue this revenue source.

HB 2058

Changes the date to which Oregon income and inheritance taxes are tied to the federal Internal Revenue Code from December 31, 1990 to December 31, 1992. This incorporates changes in the definition of taxable income made by P.L. 102-2, the Comprehensive National Energy Policy Act (P.L. 102-486), the Unemployment Compensation Amendments of 1992 (P.L. 102-318), the Tax Extension Act of 1991 (P.L. 102-227), and the Emergency Unemployment Compensation Act of 1991 (P.L. 102-164).

Increases estimated tax for individuals and corporations. Makes Oregon basis for sale of subsidiary stock the same as federal basis and removes Department's authority to make basis adjustments unless specified in statute (applies to tax years open to audit or in the appeal process). Continues employer-provided educational assistance exclusion and group legal services exclusion through June 30, 1992. Prospectively ties to federal research and development tax credit as of December 31, 1993 (retroactive to January 1, 1992). Changes minimum refund from $1 to $5 after offsets.

Imposes penalty for late payment of inheritance tax. Changes dates for imposition of higher rates for two tiered interest charges. Makes tax liability less any credits or payments the base for computing penalties. Increases MTC Revolving Account minimum balance from $50,000 to $100,000. Directs Department of Revenue to adopt rules for the Checkoff Commission. Makes the date an estate or trust return is filed the date for the statute of limitations. Requires notification if partners treat items on personal return differently than on the partnership's return. Defines "particulars" from a return which may not be disclosed. Expands disclosure allowed in connection with administration of tax laws. Clarifies the definition of "return" when amended return is filed. Defines part-year and nonresident Oregon adjusted gross income. Makes technical corrections.

Generally applies to tax years beginning on or after January 1, 1993.

Changes the date when personal property tax returns must be filed with county assessors from July 15 to August 1 and changes the period for an extension from August 15 to September 1. Applies to tax years beginning on or after July 1, 1994.

Revenue Impact:

State General Fund revenue change:

	1993-95	1995-97
Personal Income Tax	4,846,000	-321,000
Corporation Income Tax	1,512,000	-1,016,000
Total	6,358,000	-1,337,000

This bill disallows certain basis adjustments made by the Department which are currently under appeal. These adjustments can either increase or decrease tax liability. The Department has identified a net additional tax liability of $3,733,000 from these adjustments. To the extent that the Department's position is sustained on appeal, this amount represents an additional loss in corporate income tax revenue.

Local revenues:

Changing the dates for filing personal property tax returns may cause some value to be treated as omitted property. If sufficient value is affected, district tax rates will be increased causing either further compression or tax shifts. Districts will receive additional revenue when the personal property is billed as omitted property.

HB 2175 (160)

Changes procedures by which a football coach may enter into agreement with the State Board of Higher education to arrange for deferred compensation. Effective November 4, 1993.

Expands options to include state contributions in lieu of salary increases.

Revenue Impact:

Minimal State General Fund revenue loss.

HB 2413

Reorganizes portions of Oregon Revised Statutes. Combines and moves business tax credits from chapters 316, 317, and 318 into chapter 315. These are credits which can be claimed by both individuals and corporations. Effective November 4, 1993.

Limits the business tax credits under the youth apprenticeship program to students who began participation prior to the effective date of this Act. Makes technical changes.

Revenue Impact:

State General Fund revenue increase:

1993-95	$ 62,500
1995-97	125,000

This impact results from the earlier sunset on the youth apprenticeship tax credit.

HB 2433 (91)

Repeals January 1, 1993 sunset on personal income tax credit for crop gleaning.

Revenue Impact:

State General Fund Revenue Loss

1993-95	$50,000
1995-96	50,000

Comment:

No historical data is available on the cost of this credit. The estimate assumes 2,500,000 pounds of gleaned crops annually at a wholesale price of 10¢ a pound.

HB 2443

Requires county assessors cancel ad valorem personal property taxes when the total value of the property is less than $3,000 and provides a short form for filing in year following cancellation. First applies to tax year 1994-95. Contingent upon passage of HB 2500 (Oregon sales and use tax), exempts from property tax all personal property sold or purchased after May 1, 1994 which pays sales tax at the machinery and equipment rate.

Changes method of apportioning income to Oregon for income tax purposes. Sales of tangible personal property to the U.S. Government which would otherwise be Oregon sales are excluded from Oregon sales if they are included in the apportionment factor of another state. First applies to 1994 tax year.

Expands definition of disabled children which qualify a taxpayer for additional personal exemption credits under Oregon's personal income tax. Adds children diagnosed as having serious emotional disturbance or traumatic brain injury under State Board of Education rules. First applies to 1993 tax year.

Changes corporate income tax credit allowed lending institutions financing qualified low income housing. Raises the maximum outstanding balance of eligible loans to $57 million (fron $37.5). Applies between January 1, 1993 and June 30, 1995. Clarifies that savings from reduced interest rates must be passed on to tenants. Directs the department to attempt to distribute the tax credits statewide while concentrating them in the areas with the greatest need for affordable housing.

Increases the maximum corporate research tax credit from $50,000 to $500,000. Expands eligibility to include composites and plastics. First applies to 1993 tax year.

Allows personal income tax credit for rural medical practice to individuals while they are fulfilling other practice requirements. First applies to 1993 tax year.

Provides a low income refundable sales tax credit contingent upon HB 2500 (Oregon sales and use tax) becoming law. Claims must be filed with the Department and are paid out of sales tax revenues.

Revenue Impact — Resulting from the Act:

State General Fund -- revenue loss as follows:

	Biennium	
Tax Credit or Item	1993-95	1995-97
Income Apportionment	-$227,000	-$444,000
Disabled Child Credit	-460,000	-430,000
Low-Income Housing Credit	-1,100,000	-1,560,000
Research Credit	-3,200,000	-3,200,000
Rural Medical Practice Credit	-115,000	-127,000
Total	-$5,102,000	-$5,761,000

Local -- revenue loss or tax shift:

Requiring county assessors to cancel property taxes when the total personal property of a taxpayer is less than $3,000 will reduce school property tax revenue by about $360,000, reduce nonschool property tax by about $225,000, and shift about $365,000 in property tax to other property.

HB 2443 (cont.)

Revenue Impact — Occurring only if HJR 10 is approved by voters:

State Sales Tax Funds -- revenue loss as follows:

Fund	Biennium 1993-95	1995-97
Sales Tax Public Education	0	-$44,000,000
Education Trust Fund*	-14,000,000	-2,000,000

* The 1993-95 reduction is from reduced sales tax revenue and the 1995-97 reduction is from reduced Fund earnings.

Local revenue -- loss or tax shift:

The personal property tax exemption for machinery and equipment applies only to property acquired after May 1, 1994. Thus it phases in over time. Assuming that all property is depreciated over 10 years, the effect is:

Local Government	Biennium 1993-95	1995-97
School Tax Loss	-$3,300,000	-$8,100,000
Nonschool		
Tax Loss	-2,600,000	-6,200,000
Tax Shift	-3,300,000	-7,700,000

When fully implemented the school property tax loss will be about $15 million a biennium and the nonschool property tax loss will be about $12 million a biennium.

These changes reduce the net school revenue of the tax reform package by $17.3 million in 1993-95 and by $52.1 million in 1995-97.

HB 3295 (478)

Establishes policy and standards for state Department of Fish and Wildlife (ODFW) for implementation of existing program for fish screening at water diversions. Requires ODFW investigate alternative fish protection technologies and consolidate existing fish protection programs within ODFW. Allows use of "behavioral barriers" for fish screening.

Directs ODFW to prepare, as part of its 1993-95 budget request, a list of from 40 to 100 projects to be equipped with fish screening or by pass devices.

Allows ODFW to provide financial assistance for up to 250 additional water diversions if funding becomes available.

Revenue Impact:

State General Fund revenue loss

1993-95	$37,400

This estimate assumes that ODFW will receive funding to certify 40 fish screening or by pass projects during the biennium. If additional funding becomes available to allow ODFW to provide financial assistance for 250 additional screening or by-pass devices, the state General Fund revenue loss will increase by about $235,000.

SB 5535

Emergency Board appropriations.

Suspends corporation income tax refunds required when actual 1991-93 corporation income tax payments exceeded the End of Session estimate by more than 2%.

Revenue Impact:

State General Fund revenue increase of $17.9 million.

Comment:
The suspension of refunds will increase corporate revenues on tax year 1993 returns. Payments will be made in 1994.

PROPERTY TAXES

SB 9 (19)

Requires payment of property taxes before partition of land parcel or timeshare agreement can be recorded. Allows assessor to require proof of reduced rent to reflect exemption tax savings on property leased by a public body. Disallows nonprofit homes for the elderly exemption (state funded) if delinquent taxes outstanding. Eliminates tax lot number as acceptable legal description for tax identification. Allows farm land to continue in special assessment when flooding or severe drought prevent active farming beginning with 1992-93. Makes corrections.

Revenue Impact:

Local
No significant revenue impact. No farm land is known to have been denied special assessment because of flooding or drought.

State
None. No non-profit homes for the elderly are currently delinquent.

SB 14 (270)

Corrects and clarifies many statutes adopted last session (mainly in HB 2550) to implement Measure 5. Corrects many Board of Equalization and Board of Ratio Review statutes.

Requires governing body to vote to categorize levy inside or out-side Measure 5 limit rather than merely including categorization in the budget. Requires Department of Revenue to direct assessors to change incorrectly categorized levies based on statutes or court cases. Allows appeal of categorization filed by 10 interested taxpayers to continue as long as 5 petitioners remain.

Pays property tax refunds to owner or appeal petitioner rather than taxpayer. Pays interest on refunds. Consolidates cases when appeals from Board of Ratio Review and Board of Equalization are outstanding on same property. Requires application to exempt watercraft under construction or major repair on July 1.

Allows industrial taxpayer to apply to Department of Revenue for exemption if property is valued by the Department. Refunds tax back to 1990 if application for industrial property under construction timely filed with Department of Revenue instead of assessor. Pays refund in three equal payments beginning in 1993-94.

Makes other changes. Generally first applies in 1993-94.

If SJR 10 is approved by voters, requires urban renewal agency to limit requests for local authority to impose urban renewal taxes outside Measure 5 limits to repay new debt. Limit must include (1) a last date for issuance of new eligible debt and (2) either a maximum amount of bonded debt or a maximum tax rate. Sets ballot title requirements for local votes on new and previously issued urban renewal bonded debt. First applies in 1993-94.

Revenue Impact:

Local - No significant change, except that it allows a retroactive tax refund in Coos County of about $32,200 per year for three years beginning in 1993-94.

SB 58 (498)

Makes county clerk's attendance at Board of Ratio Review or Board of Equalization meetings optional. Repeals requirement that board decisions be sent to taxpayers by registered or certified mail.

Validates erroneous distributions of amusement device tax revenues during 1991-93 biennium.

Declares emergency. Takes effect on passage.

Revenue Impact:

Changes 1993-95 amusement device tax distributions as follows:

State General Fund	-$38,705
Counties	-$254,700
Youth Conservation Corps	+$293,405
NET IMPACT	$0

Note this bill makes no change in the permanent distribution formula for amusement device tax revenues, and future collections are required to be distributed as the 1991 law requires. This is a one-time only validation of erroneous distributions already made.

SB 59 (424)

Requires local government boundary commission in Portland metro area to facilitate mergers of water suppliers. Requires 1995 Legislature to review regional planning studies of Portland metro area water suppliers and determine if further planning and consolidation is needed. Staggers election of new board members for special district mergers.

Clarifies tax coordination statutes. Requires district tax coordination plans for 1994-95. Extends sunset from 1994 to 1996 of requirements to (1) include tax coordination plans in intergovernmental service agreements and (2) explain on tax ballot if the proposed levy will reduce tax collections of other districts.

Allows rural fire districts to have zones with different service levels and tax rates in both eastern and western Oregon. Eliminates 1991 sunset of authority to create additional zones in eastern Oregon.

Revenue Impact:

Local
No direct impact. Metro area water districts primarily use property taxes for bonds. Property responsible for paying off old bonds after consolidation can depend on merger agreement. Creation of fire district zones with different service levels will mean some taxpayers will pay more and others less.

SB 79 (25)

Modifies enterprize zone timelines and administration to conform to property tax changes made last session to implement Measure 5 (HB 2550). Allows firms making investments in enterprize zones since 1991 that were denied exemptions because of the discovery of timing conflicts created by HB 2550 to retroactively qualify for the three year exemption and to file for tax refund or cancellation.

Revenue Impact:

Local
Tax refunds or cancellations for 19 firms will reduce local district revenue about $2.3 million for the 1993-96 period. Future revenue change is not anticipated because firms presumably would qualify (without this legislation) by adjusting their exemption timing to the existing requirements.

SB 216 (41)

Specifies form of deed used to convey property does not subsequently affect real market value unless evidence exists to the contrary.

Revenue Impact:

Local
No change in real market value anticipated.

SB 271 (5)

Gives assessor additional time to discover a change in use of farm and forest land. Allows disqualification as of July 1 if assessor sends notification by following August 15. Permits application for other special assessment within 30 days of notification.

Revenue Impact:

Local
Minor increase in revenue because some property will be disqualified in the current year instead of one year later.

State
Minor decrease in state school replacement obligation because of additional taxable value.

SB 272 (23)

Grants 3% discount for prompt payment of property taxes on omitted property when the property is omitted only for the current July 1 assessment date. Disallows discount when property is omitted due to willful attempt to evade tax.

Revenue Impact:

Local
Minor decrease in property tax revenue.

SB 273 (650)

Sets large value appeal procedure. Applies when difference between assessed value and taxpayer's asserted value exceeds 1/10 of 1% of county assessed value (for appeals after receipt of tax statement). Places the assessor's value on the roll in the first year of an appeal. Places the taxpayer's value on the roll in all subsequent years until the case is resolved. Allows taxpayer to file new appeals in subsequent years.

Dedicates additional taxes due on resolution of case to pay refunds owed to other taxpayers who won their appeals. Dedicates any excess to reduce local tax levies.

Revenue Impact:

All Local Property Tax Districts
In cases under Measure 5 compression no effect on total local property tax revenue. However, it would affect the timing of revenue. Districts would get less revenue initially, but would be protected from paying large refunds in the future. In these cases, using added taxes to pay refunds will shift some revenues among districts because paying refunds benefits all districts in the county while added taxes have gone to the districts where the property is located.

In areas not under Measure 5 compression, some increase in local revenues, because added taxes would first pay refunds instead of reducing property tax levies.

School Districts
Virtually no effect on school districts due to a change in the state aid formula this session (HB 2437). Under HB 2437, state aid is based on the tax collected, not tax imposed. Thus any gain, loss or change in timing of revenues for a school district is adjusted by the formula.

State
Taking some value off the roll increases the state obligation to replace lost school revenue under Measure 5. This does not necessarily mean an increase in the state school fund appropriation.

SB 274 (6)

Modifies the collection of property taxes. Makes refunds of less than $10 optional. Increases delinquent real property taxes that county court can cancel as not worth pursuing from $1 to $5. Allows cancellation of uncollectible personal property tax before being delinquent for 3 years. Requires payment of all certified taxes, not just delinquent taxes, prior to division of a land parcel. Makes other miscellaneous changes.

Revenue Impact:

No significant change.

SB 275 (44)

Allows date delivered to a private express carrier to be same as date received by a state agency or county (just as it is for U.S. mail) for a tax return, payment, claim for refund, or report. Defines private express carrier. Makes receipt date 5 days prior to processing date for agency transactions handled by automated payment processing system.

Revenue Impact:

None.

SB 277 (353)

Lists additional examples of intangible personal property. Specifically exempts intangible personal property from property tax except intangibles of utilities centrally assessed by the Department of Revenue.

Limits subpoena of information from owner of an industrial plant (third party subpoena) for appraisal of a different industrial plant. Requires written notification before issuing subpoena and allows for informal conference between parties about documents for subpoena. Prohibits subpoena of income data if owner elects to exclude income approach to valuation. Provides for confidentiality of subpoenaed information. Requires issuer of subpoena to pay reasonable compliance costs.

Revenue Impact:

Local
Intangible personal property:
None. Except for utilities, intangible personal property is not currently taxed.

Subpoena Limitations:
Minimal. The Department of Revenue used a third party subpoena once in litigation to support a higher valuation. Could affect final valuation of some appealed property and district revenue where property is located.

SB 357 (24)

Submits SJR 10 (urban renewal bond question) to the voters at a special election on June 29, 1993. Requires mail ballot and voters' pamphlet. Specifies ballot title. Allows ten days to file arguments for voters pamphlet. Allows three days to appeal explanatory statement to Supreme Court. Appropriates $900,600 from the 1991-93 General Fund to the Secretary of State for election expenses.

Takes effect on passage (Defeated in June Election).

Revenue Impact:

None.

SB 673 (108)

Extends property tax exemption sunset from January 1, 1994 to July 1, 2004 for low income housing owned by nonprofit corporations. Allows application after March 1 when property is purchased between March 1 and July 1 if application is filed within 30 days of purchase.

Revenue Impact:

Local
Reduces property tax revenue for Portland districts about $575,000 and shifts $30,000 to other property in 1994-95 based on 325 properties currently exempt. Revenue loss will be somewhat less in 1995-96 (Measure 5 phase-in). School district losses of about $250,000 in Portland will be substantially offset by redistribution of state aid.

State
Increases state replacement obligation for school funding but does not necessarily change the total state appropriation.

SB 993 (551)

Defines mobile modular unit as an 8 foot or more wide prefabricated structure used for commercial purposes that can be moved on a highway. Requires owner to report mobile modular unit value and July 1 location to county assessor. Requires tax collector to issue receipt as proof of payment when taxes are paid. Requires Motor Vehicles Division to accept receipt for issuing trip permits during the tax year. Requires county tax collector to accept cashier checks or money orders in payment of taxes on these units.

Revenue Impact:

None.

SB 1010 (263)

Allows Department of Agriculture to set boundaries of agricultural and rural lands subject to a water quality management plan to control water pollution and soil erosion. Allows Department to require landowners to take actions necessary to implement plan and impose penalties for noncompliance.

Allows Department to collect fees from landowners. Limits total fees to cost of carrying out a water quality management plan and individual fees to $200 annually per landowner. Continuously appropriates fees to Department for cost of implementing plans.

Repeals similar 1991 legislation that applies only to Soil and Water Conservation districts in Tualatin River and Bear Creek basins.

Revenue Impact:

Local
Indeterminate. Depending on how they are constructed, the Department of Agriculture fees may be subject to Measure 5 limits. If so and local property taxes plus fees exceed the $10 nonschool limit in a plan area, then revenue to nonschool districts in the area will decrease.

State
Indeterminate amount of state fee revenue to the Department of Agriculture. The basis and structure for fees and implementation costs for the current 11 water quality management areas are not known.

SJR 10

Amends constitution to allow local voters to approve property taxes outside Measure 5 limits to repay urban renewal bonds.

Applies to local votes occurring on or after date this measure is approved.

Revenue Impact:

Local - No direct impact. To the extent voters approve urban renewal taxes to repay debt outside Measure 5 limits, urban renewal revenue will increase. If taxes imposed outside the limit replace levies currently imposed inside the limit and the area is currently above the Measure 5 nonschool limit, local city and county revenue will increase.

State - None.

HB 2015 (154)

Retroactively grants property tax exemption for 1991-92 and 1992-93 for property purchased by a religious organization between January 1, 1991 and July 1, 1991. Cancels any tax not paid and refunds tax already paid from unsegregated tax collections. Requires late filing fee equal to greater of $200 or one-tenth of 1% of value.

Allows income tax credit for 1987 sewage connection when claim was filed but denied because the original 1983 Department of Environmental Quality Commission order did not specifically require connection. Limits credit to lesser of cost or $500 divided equally over 5 years.

Revenue Impact:

Local
Forgives and refunds about $75,000 in property taxes owed by the Portland Lutheran School. The lost revenue is shared by all the districts in Multnomah County. The late filing fee increases Multnomah County general fund by $1,350.

State
1993-95 General Fund decrease of $250 for income tax credit.

HB 2017 (176)

Allows county to cancel property taxes, interest and penalties on eligible property from January 1, 1985 to June 30, 1992. Applies to housing with delinquent taxes acquired by a nonprofit corporation from a bankruptcy trustee and the nonprofit (a) rents to low income individuals or (b) assumed the lender's interest in a trust deed and the occupant as purchaser paid taxes to the former lender. Requires county to consult with affected taxing districts.

Sunsets December 31, 1994.

Revenue Impact:

Local
No direct impact. Multnomah County may cancel 1985-92 property taxes, interest and penalties of about $1.1 million on property purchased by Portland Community Reinvestment Initiatives (nonprofit) from the Dominion Capital bankruptcy trustee. Any cancellation will reduce taxing districts property tax revenue by a like amount.

HB 2124

Continues and modifies historic property special assessment program. Extends first year of special assessment from 1994-95 to 1997-98. Requires new applicants to file preservation plans describing proposed rehabilitation. Requires State Historic Preservation Officer to review compliance with plans in 3rd, 6th, 10th and 14th years of special assessment.

Requires owners currently in program to file preservation plans by July 1, 1995 or be disqualified. Requires plan filing fee of no more than 1/5 of 1 percent of value. Allows 18 months for approval of their plans and requires periodic review for compliance.

Modifies timelines and administration to conform to Measure 5 July 1 assessment date. Establishes Historic Assessment Review Committee to approve applications. Increases application fee from 1/10 to 1/5 of one percent of value. Adds interest to disqualification penalty. Clarifies special assessment eligible for only one 15 year period. Makes other changes.

Revenue Impact:

Local
Indeterminate. Decrease in property taxes depends on value of property qualified and value of rehabilitation improvements. Loss will increase over the next 15 years as more property is added each year through 1997-98 and rehabilitation completed. About $21 million of historic property qualified for special assessment in 1993-94 and will not increase in value for 15 years, but the new restrictions will likely reduce this amount.

State
Increases state school replacement obligation for school funding in 1994-95 but does not change the total state school support appropriation for 1993-95.
Increases 1993-95 revenue to State Historic Preservation Officer from doubling application fee and new preservation plan filing fee set by rule.

HB 2176 (655)

Extends property tax exemption two years for state property used by higher education for employee or student parking by changing sunset from July 1, 1994 to July 1, 1996.

Allows parking lots of charitable, religious and fraternal organizations to remain exempt if charges for parking occur for no more than 10 day a year.

Revenue Impact:

Local
Reduces property taxes on higher education parking by about $1.6 million in 1994-95. Of this total, nonschool districts lose about $700,000, school districts lose about $700,000 and $200,00 is shifted to other property. School losses will be about $500,000 in 1995-96 due to Measure 5 phase-in. The school reduction is spread throughout the state by the state school fund formula.

Parking lots of charitable, religious and fraternal organizations are currently exempt, but exemptions could be denied under current law if owners of exempt parking lots continue to charge for overflow parking from Eugene's Autzum stadium.

State
Increases state replacement obligation for school funding by about $700,000 in 1994-95 but does not change the total state school support appropriation for 1993-95.

HB 2689 (166)

Grants soil and water conservation districts permanent property tax levy authority by deleting January 1, 1996 sunset.

Allows soil and water conservation district zone director to serve without owning or managing 10 or more acres of land in a zone if director lives in zone and has demonstrated an interest in natural resource conservation.

Revenue Impact:

Local
Allows Yamhill Soil and Water District to continue levying tax base beyond 1996. Its current levy of about $100,000 can grow 6% a year. No other direct impact. Property taxes for other soil and water districts must be passed by voters.

HB 2826 (313)

Ends requirement that mortgage lenders reimburse counties for cost of sending tax statements to their borrowers. First applies to 1994-95.

Requires mortgage lenders to make a separate payment to the tax collector for borrowers' properties with delinquent taxes if the payment is to be credited to the most recent tax year. First applies to 1993-94.

Revenue Impact:

Local
Decrease in county revenue of about $150,000 per year.

HB 2839 (104)

Extends property tax exemption filing deadline from April 1 to December 31 for exempt organizations or public bodies leasing property from other exempt organizations or public bodies. Requires late filing fee the greater of $200 or 1/10 of 1% of the value. First applies to 1993-94 tax year. Retroactively grants exemption for 1992-93 if application is filed by April 1, 1994. Refunds or cancels 1992-93 tax.

Revenue Impact:

Local
Cancels $4,500 in taxes owed by a Redmond senior group. The lost revenue is shared by all the districts in Deschutes County. No other known impact.

HB 2862 (703)

Provides special farm homesite land value for a farmer no longer operating the farm but whose primary income is from the farm. Requires farmer to have farmed the land for at least 5 years.

Provides special forest homesite land value for a forester who no longer is the forest operator but whose primary income is from the harvest of timber. Requires the forester to have engaged in the forest operation for at least 5 years.

Revenue Impact:

Local
Minor reduction in value. Most retired farmers and foresters continue to have some connection with the leased farm or forest operation to retain the special homesite land value.

HB 2877

Allows Economic Development director to increase number of enterprise zones from 30 to 37 by approving 7 more nonurban zones. Sunsets new zones December 31, 2003. Specifies boundary requirements within maximum 12 square mile area. Requires zones to be in low income and high unemployment areas. Allows all zone sponsors to increase number of years qualified property is exempt from 3 up to 5 years if specified employment and wage requirements are met as well as any sponsor imposed conditions. Varies employment and wage requirements by zone location.

Allows zone sponsor to charge a precertification application fee of $200 or up to 1/10 of 1% of the property value. Qualifies 'build-to-suit' property for exemption if leased to precertified business. Allows exempt property to be sold or leased to another qualified business without losing its remaining exemption years. Makes other changes. Applies to property precertified after October 1, 1993.

Allows business making investment of $25 million or more to file sponsor approval resolution with application for exemption rather than precertification. Requires resolution to be passed in 1993, exemption filing by December 31, 1993 and applies to exemptions ending June 30, 1996.

Revenue Impact:

Local
Indeterminate. Depends on when zones are approved and how much property qualifies. Any reduction in value due to the new zones in areas inside the Measure 5 $10 nonschool limit has no effect on nonschool revenues, but instead increases tax rates. If in areas outside the nonschool limit, then local nonschool revenue decreases. Any value reduction does reduce school revenues, but the impacts are spread throughout the state by the state school fund formula.

The $25 million plus investment special condition assures Oregon Metallurgical in Albany of qualifying property expected to result in a tax reduction of about $1.2 million over 3 years from 1993-94 to 1995-96.

HB 2922 (168)

Modifies various property tax exemption requirements for farm labor housing and other low income housing.

Extends farm labor housing and day care exemption to property leased by a nonprofit corporation and to partnership property where the nonprofit is a managing partner.

Increases low income limit from 50% to 60% of median income for area. Income limit applies to renters in exempt low income housing projects approved by cities.

Expands low income housing exemption to property leased by a nonprofit public benefit or religious corporation. Broadens use of rental income of these corporations to day care services.

Extends sunset from January 1, 1994 to July 1, 2000 for county to cancel delinquent tax on property donated to private nonprofit corporation or government agency for low income housing.

Revenue Impact:

Local
Indeterminate. Property tax reductions depend on city willingness to approve exemption applications (except farm labor housing). If approved, property is exempt from all property tax if districts levying at least 51% of tax agree to exemption policy.

Portland, Eugene, Roseburg, Coos Bay and Springfield have adopted state statutory low income housing exemption provisions. Albany and Corvallis are considering adoption. These cites have several low income housing projects under consideration. This bill will likely facilitate the financial feasibility of these projects involving value of several millions of dollars.

HB 2934 (704)

Expands farm use special assessment to include land in an exclusive farm use zone used to store grass seed straw.

Revenue Impact:

Local
Lowers small amount of land value of a few farmers baling grass seed straw off of other farmers' land and storing it in their own sheds.

Reducing value in rural areas generally has little effect on nonschool revenues, but instead increases tax rates. Reducing value does affect school revenues, but the impacts are spread throughout the state by the state school fund formula.

HB 3026

Specifically exempts senior centers from property tax. Qualifies senior centers that provide activities and services to those over age 50, are generally open to seniors, have fund raising as a secondary activity and are owned or leased by a nonprofit corporation. First applies to 1994-95 tax year. Grants retroactive exemption for senior centers for 1991-92 through 1993-94. Cancels any tax not paid and refunds any tax paid.

Expands income tax personal exemption credit for disabled children. Includes disabled children with serious emotional disturbances or traumatic brain injury. First applies to 1993 tax year.

Allows a taxing district to use services of senior citizens who are part of a nonprofit corporations's property tax work-off program. Allows district to make grants to nonprofits for work-off programs. Limits eligible taxing districts to counties, cities, and schools. Requires seniors to be age 60 or older to participate. Makes participating seniors independent contractors.

Allows local government to adjust 1993-94 adopted budget to include a serial levy and extend the levy in 1993-94. Limits serial levy to $75,000 passed between June 25 and June 30, 1993. Adds other restrictions. Repeals provision July 1, 1996.

<u>Revenue Impact:</u>

Local
Indeterminate for senior centers. Continues exemption of The Dalles Senior Center without this group changing their current activity. The exemption of this property has been questioned and other centers could otherwise lose their exempt status. If not exempt, The Dalles Senior Center tax would be about $14,000 in 1993-94.

The only known refund is about $500 to the Yachats Ladies Club for the 20% taxable portion of their value for 1991-93 if the club qualifies as a senior center.

No tax impact for nonprofits with a tax work-off program. The nonprofits would raise funds and seek grants to pay property taxes for their participating seniors.

Increases serial levy property taxes for Silverton by about $70,000 in 1993-94.

State
State General Fund revenue loss for disabled children credit:

1993-95	$460,000
1995-97	430,000

Comment:
Senior centers are now exempt as charitable organizations. They could lose their exemption if charitable activities are secondary to social and fund raising activities.

HB 3031

Exempts from property tax equipment used to produce, prepare, package, and ship fresh shell eggs. Includes conveyors, grain bins, grinding machinery, feed storage hoppers, cages and equipment to wash, dry, grade, package and ship fresh shell eggs. First applies to 1994-95 tax year.

Retroactively grants exemption for 1993-94. Grants refund if tax paid and cancels tax if not paid. Requires application by April 1, 1994.

Revenue Impact:

Local
Reduces property taxes about $85,000 in 1994-95 on existing fresh egg equipment in 5 counties. Of this total, reduces school property taxes about $50,000 and shifts the nonschool $35,000 to other property. School reductions are spread throughout the state by the state school fund formula. Reduces 1993-94 district resources about $100,000 for 1993-94 tax cancellations.

State
Increases state replacement obligation for school funding by about $110,000 in 1993-95 but does not change the 1993-95 state school support appropriation.

HB 3101

Allows construction of a house in an exclusive farm use zone if used in conjunction with wildlife habitat management. Requires a habitat preservation plan for eligible land subject to approval by the State Department of Fish and Wildlife.

Allows an owner to switch to open space assessment when plan is implemented. Allows owner to switch back to farm use assessment without payment of back taxes. Requires payment of back taxes if land is ever disqualified from farm use or open space assessment.

Applies only to Marion and Polk counties.

Sunsets December 1, 1997.

Revenue Impact:

Local — Indeterminate revenue loss from postponement of back taxes when transferring to open space use and indeterminant revenue gain because open space values are generally higher than farm use values.

HB 3146 (502)

Provides procedure for drainage and diking districts to reorganize into corporations for drainage and flood control. Requires approval by land owners having at least 67% of the land acreage in the district. Prohibits reorganization after December 31, 1999.

Revenue Impact:

Local
No direct impact. Land owners must approve a reorganization. Reorganization would remove assessments from the Measure 5 limit and allow collection of the total assessment. If diking and drainage districts with a Measure 5 loss reorganize, then other districts taxing the same property will receive added revenue.

Comment:
Diking and drainage district losses totalled only about $17,000 in 1992-93, out of total taxes of about $1.6 million. However, the total potential losses of these districts is much larger than $17,000. Most districts certified their taxes outside Measure 5 limits in 1992-93, although their legal authority to do this is questionable. So far, no one has challenged this practice in court.

HB 3288 (266)

Exempts land acquired by an Indian tribe from property taxes if the land is within ancient tribal boundaries and in process of being placed in a U.S. trust. First applies to tax year 1991-92. Allows exemption until placed in trust up to a maximum of 5 years. Cancels any tax not paid and refunds tax already paid from unsegregated tax collections.

Repeals exemption July 1, 1996.

Revenue Impact:

Local
Forgives about $2,800 in 1991-92 and 1992-93 property taxes and interest owed by the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians. Reduces revenue of taxing districts in Coos County by a like amount. This tax reduction for 1993-94, if needed, will likely be less than $1,300 due to phase-in of Measure 5. Additional land may qualify for exemption prior to the sunset.

HB 3520 (577)

Allows formation of joint water and sanitary authorities by consolidation of existing water authorities and sanitary authorities or by formation of new authorities. Establishes procedure for consolidation or formation and election of new board.

Permits approval of debt distribution for consolidating districts as part of the consolidation plan.

Allows water and sanitary authorities to provide services to municipalities within their boundaries at wholesale, retail or a combination of wholesale and retail.

Revenue Impact:

Local
No direct impact. Joint authorities must be approved by voters or boundary commission.

Water authorities and sanitary authorities use service charges and can, with voter approval, levy property taxes for operations and bonds. Two sanitary authorities currently levy property taxes. Joint authorities will also have levy authority. Any redistribution of property taxes for bonds will depend on debt distribution plans.

Joint authorities may initially be in Washington and Clackamas counties.

HB 3528 (125)

Allows housing authorities to provide facilities for community services provided by public or nonprofit organizations or service agencies.

Revenue Impact:

Local
Allows exemption for property leased to otherwise taxable owners that provide community services in housing authority facilities. This tax loss is likely to be small.

HB 3661

Changes laws regulating construction of homes in farm and forest zones as follows:

- Allows home on "lots of record" in farm and forest zones under certain conditions.
- Allows non-farm homes not on a "lot of record" in exclusive farm use (EFU) zone under other conditions, generally that the land is unsuitable for farming or forestry.
- Allows Lane and Washington counties to continue to use existing laws, including marginal lands laws, in farm zones instead of above changes.

Makes other land use changes.

Explanation:

Under current law, a taxpayer who is allowed to build a home in an EFU zone because the land is unsuitable for farming must cancel any farm or forest property tax treatment and pay back taxes. Under this bill, this would not automatically apply to homes built on "lots of record" but would still apply to other homes in EFU zones.

There is no income requirement for farm use assessment in an EFU zone, so many "lot of record" parcels would be able to keep special assessment on the non-homesite portion of the land. For the homesite, the assessor would have to determine whether a home is in conjunction with farm use. If it is, the homesite will receive a special homesite value and no back taxes would be owed. If the home is not in conjunction with farm use, the homesite will be valued at market and back taxes must be paid.

Revenue Impact:

Local Property Taxes — Indeterminant. There could be some reduction because some EFU parcels could retain farm use assessment and avoid back taxes when a non-farm home is built on a lot of record.

HB 3686

Allows State Treasurer to issue revenue bonds to finance an eligible project for a key industry if the total cost exceeds $100 million. Increases bond authority from $200 million to $2 billion during the 1993-95 biennium for Economic Development Commission industrial development revenue bonds.

Exempts from property tax project value in excess of $100 million increased annually by the growth of other taxable property value. Continues exemption for the term of the bonds up to 15 years. If the project is leased, requires lessee to pay the property tax. Permits project value to qualify for enterprise zone exemption if in a zone.

Requires first-source hiring agreement and a minimum of 75% of new employees residing in Oregon. Requires annual fee equal to the lesser of (a) 25% of the equivalent property tax on the exempt value or (b) $2 million. Distributes annual fee to the county and city (if located in a city) where the project is located by mutual agreement. Requires county and city to have an agreement about special requirements including hiring within the county with an applicant before the county requests a project.

Revenue Impact:

Local-Indeterminate
The impact depends on the number, value, and location of projects. It also depends on whether or not the investment would have been made without the exemption. If it would have, the impacts are:

Schools: Reduced operating property tax revenue spread state wide by the school distribution formula.

Nonschool: Gain or loss depending on the circumstances. If not under compression, the exemption shifts tax onto other property. Local government loses no tax revenue and gains the fee. If under compression, local government loses tax revenue which is partially offset by the fee.

SCHOOL FINANCE

SB 26

Consolidates the current 29 ESDs into 18 "super ESDs" and annexes all areas not currently in an ESD into the new larger area districts. Exempts Wallowa County from the consolidation process and requires the State Board of Education to determine which ESD (other than Lake County ESD) annexes Klamath County. The annexation and consolidation process shall be completed by March 31, 1996.

Makes numerous administrative changes and redefines the role of ESDs in light of the Oregon Educational Act for the 21st Century.

Allows ESDs to contract bonded indebtedness.

Requires Department of Education and ESDs to report to next Legislative Assembly on cost efficiencies and performance evaluations.

Revenue Impact:

State General Fund - None

K-12 School Districts - As areas not currently in an ESD are annexed, the tax rate of the annexing ESD will be extended over the newly annexed area. This will generate increased revenues for the ESD and lower revenues for the K-12 school districts. This will occur because the tax rate will be "compressed" more in order to meet the limits of Ballot Measure #5. The State School Fund formula will effectively spread the K-12 districts losses equally across the whole State. None of this loss will take place until 1994-95, with full impact in 1995-96. We cannot accurately predict this amount that far into the future, however it will likely be something on the order of $5 million per year.

Also, as the annexing ESD's rate is compressed in the newly annexed area, their Measure #5 "loss" increases. Under the current SSF formula, this means ESD's will get more replacement dollars from the State. The amount gained by ESD's is lost by K-12 districts statewide. The amount is unknown.

SB 881

Transfers operation of educational services at MacLaren and Hillcrest from the Children's Services Division (CSD) to the Department of Education.

Allows education service district (ESD) to serve Hillcrest and MacLaren students by contract. Requires any future formula distributing state aid to ESD's based on student counts to include Hillcrest and MacLaren students.

Shifts 1993-95 CSD appropriation for education programs at Hillcrest and MacLaren to the State School Fund (SSF). Distributes funds to Hillcrest and MacLaren through special formula within the SSF. Limits special distribution to $1 million above the transferred CSD appropriation. Sunsets the SSF provisions on June 30, 1995.

Revenue Impact:

State General Fund: None

Local Schools: Reduction in State School Fund revenue to local schools of $1 million ($500,000 per year) in the 1993-95 biennium, or about 50¢ per student per year. This revenue will instead go to Hillcrest and MacLaren, increasing their funding above the CSD appropriation (currently $5.5 million). This estimate is based on 500 ADM for Hillcrest and MacLaren, which would cause the formula to hit the $1 million cap.

SB 986 (690)

Makes the following changes affecting small schools and small school districts:

- Allows any school that received the small school correction in 1992-93 to continue to qualify in 1993-94 and 1994-95.
- Distributes a special $80,000 grant in 1993-94 and 1994-95 to five K-12 small school districts that don't currently qualify for the small school correction but are more than seven miles from the nearest other high school.
- Sunsets the small school correction on July 1, 1995. Requires the 1994 Interim Revenue Committee to make recommendations on the future funding of small schools.
- Allows school district that miscalculates taxes in its 1993-94 budget to correct and re-adopt their budget and make the necessary tax levy correction.

Revenue Impact:

State General Fund: None

Local School Districts: The continuation of 1992-93 small school eligibility saves 13 schools from losing significant (the exact amount is not known) funds. These schools have traditionally received the small school correction, but were found on audit not to qualify. Most failed by narrow margins. If disqualified, other districts would gain their lost funds. However, these potential gains were not in the estimates distributed to districts for next year's budgeting.

The $80,000 grants to five districts ($400,000 total per year) will reduce the amount distributed to the rest of the school districts.

The one time (1993-94) correction of miscalculated taxes avoids a loss of about $1 million to the total K-12 school system.

HB 2066 (329)

Alters requirements and procedures involved with merger and unification of school districts.

Revenue Impact:

State General Fund: None

NOTE: There is a possibility of interaction of mergers and consolidations with the school finance formula that could have revenue consequences for school districts; but we are unable to accurately predict such occurrences.

HB 2090

Increases reimbursement to school districts for drivers education and allows a tuition fee for cost above reimbursement.

Revenue Impact:

Depends on the extent to which fees are imposed.

HB 2095

Changes definition of possible underage kindergarten student to include those children "whose needs for cognitive, social and physical development would be best met in the school program".

Deletes language that previously defined early intervention and early childhood special education students as ineligible for State School Fund support.

Makes other administrative and definitional changes in special education.

Revenue Impact:

State General Fund: None

State School Fund: It would appear that this bill could allow a greater number of under 5 year old kindergarten students. This would affect the State School Fund distribution to all districts depending on the number of such students - unknown.

HB 2437 (61)

FIRST YEAR DISTRIBUTION (1993-94)	
General Purpose Grant $1,026.9	Equal percentage per student reduction (about 5%) from prior year in total resources (including property taxes and other local revenue).
Transportation Grant $79.3 million	70% of approved costs.
Equity Grant $10 million	For districts limited by 25% cap in prior year, about 55% of amount lost due to cap.
Stop Loss $.9 million	No district is reduced more than 10% from prior year. Permits adjustment for split districts.
ESD's $26.1 million	71.33% of Measure 5 loss.

SECOND YEAR DISTRIBUTION (1994-95)	
General Purpose, Transportation, and Equity Grants $1,315.2 million	Same dollar amount of total resources as first year, including any amount from stop loss.
Any additional appropriation above House-passed HB 5051 Currently: $10 million	17% of added appropriation to equity grant by same formula as equity grant above, up to full funding, balance to growth. 83% of added appropriation to growing districts based on percentage increase in number of weighted students, up to full funding of growth.
Any additional property taxes above current forecasts in both years	Distributed in second year to growth districts as described above.
Any surplus funds after growth and equity fully funded	Distributed by existing permanent formula.
ESD's $39.9 million	71.33% of Measure 5 loss.

HB 2437 (cont.)

CHANGES TO PERMANENT FORMULA	
Union Highs	Continues 1.2 weight, which was scheduled to sunset.
Poverty Factor	Updates to 1990 census.
Property Tax Subtraction	Uses actual collections instead of taxes imposed.
Small Schools	Changes name to "remote". Continues eligibility if denied because neighbor reopens existing school.
State Aid Payments	Permits more timely adjustments for new data

Revenue Impact:

Computer run #10 simulates the 1993-94 impact of this legislation assuming the appropriation currently in HB 5051 is approved.

1994-95 simulation data is not currently available; a good guess could be made by each district adding an additional $20 per student to the 1993-94 (run #10) simulation.

HB 2797 (554)

Authorizes school districts to jointly market bonds, either by joining together with other districts or through an association.
Allows a school district (Imbler School District in Union County) to make a supplemental budget for expenditure of bond proceeds for the 1993-94 fiscal year.

Revenue Impact:

None

TAX REFORM - SALES TAX

HB 2500 (658)

Contingent upon voter approval of HJR 10:

Imposes a 5% general sales and complementary use tax on goods, prohibits local sales taxes. Begins sales tax on May 1, 1994. Dedicates sales tax proceeds to public education programs through community college (specified in HJR 10). Allows 2-3% retailer discount until July 1, 1995.

Specifies sales tax exemptions, including: food for home consumption, prescription medicines and devices, utilities, animal life, feed, seeds and plants, fertilizer and pesticides, motor fuels, others. Applies 3% rate to sales of machinery and equipment necessary for production in manufacturing, agriculture or extraction. Exempts most purchases by state and local governments (except by PUD's and municipal power systems), and by charitable nonprofits, churches, and health care facilities.

Prohibits school operating property taxes on owner-occupied principal residences. Limits school operating property taxes on other properties to $5/$1000 of value beginning in 1994 — thereby accelerating full Measure 5 reduction by one year.

Increases corporate income tax to 7.6% (from 6.6%) on January 1, 1994. Enacts nonrefundable personal income tax credit, beginning in 1994, equal to half of the federal earned income credit.

Implements spending limit in HJR 10. Sets base, defines terms. Repeals existing spending limit and surplus kicker upon implementation of new limit.

Makes four appropriations from sales tax monies in 1994-95: (a) $614.1 million to the State School Fund to replace reduced school property taxes, (b) $48 million to community colleges also to replace reduced property taxes, (c) $350.8 million in additional money to the State School Fund, and (d) the remaining sales tax funds up to a maximum of $300 million (projected to equal $176 million) to a trust fund for education.

Reserves $5.5 million from 1993-95 Emergency Fund for Department of Revenue start-up costs, to be repaid with sales tax funds.

Repeals changes if voters fail to re-approve in November of 1998.

Revenue Impact:

Raises a net $569 million in the 1993-95 Biennium and $2.009 billion in the 1995-97 Biennium, as shown below:

	1993-95	1995-97
Sales Tax Collections	$1,231	$2,633
Retailer Discount	-27	0
Administrative Costs	-15	-20
Net Sales Tax	**$1,189**	**$2,613**
Corporate Income Tax Increase	46	69
Earned Income Credit	-29	-44
OOPR School Tax Prohibition	-304	-682
Accelerate Measure 5	-358	0
Income Tax Feedbacks	25	25
Education Trust Fund earnings	0	28
TOTAL IMPACT	**$569**	**$2,009**

HB 2500 (cont.)

IMPACT BY GOVERNMENT UNIT:

STATE	1993-95	1995-97
Net Sales Tax (Other Funds)	$1,189	$2,613
Corporate Income Tax (General Fund)	46	69
Personal Income Tax (General Fund)	-4	-19
STATE REVENUE INCREASE	**$1,231**	**$2,663**
LOCAL		
School Property Taxes	-$662	-$682
State School Aid	$1,013	
Education Trust Fund earnings	0	36
SCHOOL IMPACT	**$351**	

All figures in millions of dollars

Note: HJR 10 shifts dedication of about $182 million of lottery funds (1995-97 Biennium) from economic development to education and children's needs. See also HB 2443.

HB 3677 (604)

What the Bill Does: Submits HJR 10 to the voters at a special election on November 9, 1993. Provides for special election procedures. Changes the special election date from November 2 to November 9 for local elections this year only. Requires election at polling places.

Specifies ballot title. Sets September 9 deadline for voters pamphlet arguments. Overrides process appeal of fiscal statement.

Appropriates $1,296,000 to the Secretary of State for special election costs.

Declares emergency, effective on passage.

Revenue Impact:

None.

HJR 10

Proposes constitutional amendment creating limits on, and effectively enacting, a sales tax. Limits maximum state sales tax rate to 5%; requires exemptions for food for home consumption, shelter, prescription medicines and devices, water, light, heat, power, motor vehicle fuel, essential services, and feed, seed and fertilizer for farm production. Dedicates proceeds to public education programs up to and including community college. Prohibits local general sales taxes.

Limits spending from state income and sales taxes based on inflation and population growth. Requires 60% vote of each house of the Legislature and Governor's approval to override limit.

Prohibits school operating property taxes on owner-occupied principal residences. Requires at least one-half of net lottery proceeds to be used for education and children's needs.
Enacts sales tax and other tax changes contained in HB 2500.

Repeals sales tax, spending limit, prohibition on OOPR school operating property taxes, lottery re-dedication, and statutory income tax changes in HB 2500 if voters do not re-approve these provisions in November of 1998.

Revenue Impact:

State - See HB 2500 and HB 2443.

Local - Prohibits local general sales taxes. No local jurisdictions current levy such taxes, although cities and counties are not now restricted from doing so.

TIMBER TAXES

HB 2057

Changes from semi annual to calendar year for reporting of timber harvests, payment of severance and harvest taxes, calculation of stumpage value tables for western Oregon, and the calculation of immediate harvest value for eastern Oregon. Make numerous changes in dates relating to reporting periods and value determinations.

Changes dates to conform appeal process for stumpage value tables to calendar year valuations and conforms forest land value appeal process in eastern to that for property taxes. Conforms estimated tax payments to calendar year reporting. Changes threshold amounts relating to payment of tax or of estimated tax. Makes other changes.

Requires any seller of woods direct logs to provide the purchaser with the Department of Forestry Notification of Operations permit number and the name of the timber owner. Requires purchasers to include this information when reporting log purchases. Applies to harvests on or after January 1, 1994

Extends any Forest Products Harvest tax rates imposed to fund the OSU Forest Research Lab or the administration of the Forest Practices Act for 6 months from July 1, 1996 to December 31, 1996. This is a one time change to make the rates uniform over the calendar year.

Continues funding of administrative cost of the Western Oregon Small Tract Option Tax from Western Oregon Severance Tax revenues. Funds administrative cost of Reforestation Tax Credit from Western Oregon Severance Tax revenues. Applies to the 1993-95 biennium only.

Revenue Impact:

Local Government revenue loss:

1993-95	$475,115

Other Fund revenue increase:

1995-97	$2,825,000

Explanation:

Severance tax revenues available for distribution to local governments (85% to schools) are reduced by Department of Forestry administrative expense.

The Other Fund revenue increases estimated above are caused by the 6- month extension of the Forest Products Harvest Taxes.

HB 2177 (330)

Temporarily imposes forest products harvest tax dedicated to funding the OSU forest research lab. Sets temporary rate at 35¢ per thousand board feet. Applies to 1993-95 biennium only. This 35¢ rate is in addition to the 5¢ permanent rate in current law.

Revenue Impact:

Other Funds revenue increase

1993-95	$3,600,000.

Explanation

The biennial harvest is estimated at 10.27 billion board feet. The total 40¢ rate will produce $4,100,000 in revenue for the OSU forest research lab. The revenue impact reflects the 35¢ temporary rate.

HB 2241 (430)

Subjects lot on which a manufactured dwelling is sited to the surcharge levied on improved lots for emergency fire protection. Begins with 1994-95 tax year.

Extends campfire regulations to apply to landowners. Exempts certain uses.

Makes instruments which require roofing material with a lower fire rating than that required in the state building code unenforceable in a wildfire hazard zone. Defines wildfire hazard zone.

Revenue Impact:

Other Fund revenue increase:

1993-95	$ 50,000
1995-97	100,000

Comment:

The increased revenue comes from emergency fire protection assessments on lots which would be classified as improved under this bill and are classified as unimproved currently. Thirty of the 35 counties with forest land currently classify lots with mobile homes as improved. Three counties classify these as improved if the lot and the mobile home are owned by the same person. Otherwise the lot must have a structure, such as a carport or pump house, to be classified as improved. The estimate assumes a $38 fee per improved lot. This fee can be increased or decreased depending on the balance in the Oregon Forest Land Protection Fund.

HB 2245 (657)

Temporarily imposes forest products taxes dedicated to the State Forester. Sets rate at 73¢ to fund the Forest Practices Act and the industrial fire protection program plus an additional 4¢ for continued implementation of changes in the Forest Practices Act required by SB 1125 (1991). Applies to 1993-95 biennium only.

Revenue Impact:

Other Fund revenue increase

1993-95	$7,900,000

Explanation
The 1993-95 harvest volume is estimated at 10.27 billion board feet. Since the 40¢ rate in current law is sunsetted, the revenue impact is based on the full 77¢ rate imposed for the 1993-95 biennium.

HB 2438

Changes method of valuing and taxing forest land and timber harvests in both eastern and western Oregon. Changes eastern and western Oregon severance taxes to a tax for the privilege of harvesting timber.

States Legislative findings for western Oregon and revises Legislative findings for eastern Oregon. Revises purpose of taxes on forest land and timber harvests and defines new terms.

Places forest land value by site class in western Oregon and for all forest land in eastern Oregon in statute (applies to all forest land except land under the Western Oregon Small Tract Option Tax). Values first apply to the 1995-96 tax year. Requires Department of Revenue to evaluate these values and report to the 1995 Legislature and then to review forest land values every 6 years. Assesses forest land at 20% of the indexed statutory values beginning in 1995-96. Indexes values beginning in 1995-96. Changes method of indexing forest land value in western Oregon to 50% of the increase in the log purchase value index. Changes computation of log purchase value index to phase in a 7 year moving average.

Deletes severance tax rates of 6.5% for western Oregon and 5% for eastern Oregon, repeals phase down of higher rates on reforestation lands, and imposes the following rates by calendar year (regular is for all land not classified as reforestation land):

2438
HB ~~2248~~ (cont.)

Period in Effect	Western Oregon		Eastern Oregon	
	Regular	Reforestation	Regular	Reforestation
Calendar Year 1994	4.40%	5.75%	3.30%	5.61%
Calendar Year 1995	3.80	4.82	2.90	4.78
Thereafter	3.20	3.20	1.80	1.80

Repeals Offset Guarantee Account and changes numerous references.

Revenue Impact:

Local Revenue Loss or Tax Shift (millions)

	Property Tax	Privilege Tax	Total
1993-95	0	0	0
1995-97	\$26.6	\$12.6	\$39.2
1997-99	39.0	17.1	56.1

Explanation

The revenue forecast by the executive department is based on a continuation of the phase down in severance tax rates begun by the 1991 Legislature. Thus continuing the phase down has no revenue impact. The phase down reduces the privilege tax proportionately with the reduction in Measure 5 limits. Under the phase down, privilege tax rates which are currently 5.3% west and 3.9% east will fall to 3.5% west and 2.7% east in Calendar year 1996.

This bill continues the phase down through the 1993-95 biennium and then assesses forest land at 20% of the new statutory values and lowers the privilege tax rates to 3.2% west and 1.8% east. This estimate of revenue loss includes the following changes (1995-96):

- Forest land assessed at 20% of value
- Forest land values changed and indexed at 50% of log prices
- Privilege tax rate reduced to 3.2% west and 1.8% east
- No special privilege tax rates for reforestation lands

To the extent that taxing districts which include forest land or receive privilege tax offsets have code areas which are not under compression, the timber tax reductions will result in higher property tax on other property. In those code areas under compression, there will be tend to be a shift in property tax revenue from cities to counties or other non school districts with timber.

By 1995-96, we expect that the entire state will be under compression for school taxes. Thus both property tax and privilege tax revenue impacts will reduce local revenues and require larger state basic school support payments.

There is a likely additional revenue impact not included in the estimate from the relative change in the assessed value of farm and forest land. The average value of an acre of forest land is estimated to drop from \$339 to \$74 west and from \$32 to \$9 east. The average value of farm land in EFU zones was \$291 west and \$91 east in 1992-93. To the extent that some of the 13.3 million acres of farm land is designated as forest land to reduce assessed value and property tax, there will be additional shifts or revenue losses to local governments. No estimate is made.

TRANSPORTATION

HB 2187 (696)

Discontinues vehicle titling and registration requirements for certain manufactured structures built before June 15, 1976. Allows certain special use trailers to apply for advalorem taxation.

Revenue Impact:

State Other Fund reveune loss: Minimal reduction in revenues for highway and state parks.

Local revenues: Minimal increase in property taxes if property is added to the tax rolls.

HB 2214

Allows implementation of more rigorous motor vehical emissions testing within the Metropolitan Service District. Requires commission determine most cost effective clean air program for each area of the state. Requires department to study the relationship between motor vehicle fees and vehical emissions and report to interim committee on or before November 1, 1994.

Revenue Impact:

None.

HB 2339 (368)

Makes the following changes with respect to farm plated trucks:

Trucks with three or less axles and pickups with trailers may haul for-hire for another farmer, no PUC authority or safety standards, no weight-mile

Trucks with four or more axles, up to 80,000 lbs may haul for-hire for another farmer, must get PUC authority & meet commercial safety requirements, pay weight-mile, not haul livestock.

Trucks over 80,000 lbs may not haul for-hire under any circumstances

Revenue Impact:

State General Fund: None

Highway Fund: None, there could be some small reduction from the less than four axle for-hire allowance, but that will likely be offset by some increase from four axle and over hauling for-hire.

HB 2456 (475)

Sunsets 5 cent per gallon gasohol exemption on August 30, 1993. This is an acceleration of a sunset that would otherwise take place on December 31, 1997. Grants 5 year 50% property tax exemption for new ethanol production facilities. Repeals property tax exemption on July 1, 2008.

Revenue Impact:

State General Fund: None

Local Government Revenues: None in the near future. There are no ethanol facilities currently in place or in construction. Possible future sites in Columbia and Morrow counties could have an impact (property tax exemption) in the distant future.

Highway Fund: The sunset of the 5 cent per gallon partial exemption from the gas tax will net an increase in revenue to the Highway Fund of about $38.6 million in 1993-95 and another 42.8 million in 1995-97. The Highway Fund is distributed to state and local government and the 1993-95 impact will be as follows:

		1995-97
State share	60.05%	+ $23.2 million
County share	24.38%	+ 9.4 million
City share	15.57%	+ 6.0 million

HB 3068 (706)

Allows the Department of Transportation to negotiate fuel tax refunds (for off highway use) to Indian Tribes, rather than the current individual refund application and payment process.

Revenue Impact:

State General Fund: None

Highway Fund: Reduction of about $500,000 for the 1993-95 biennium, based on preliminary estimates by ODOT (most of it to the Warm Springs Tribe). However this is just a guess, further studies by ODOT on the off highway use of fuel on Indian lands will refine this estimate.

HJR 69

Proposes Constitutional amendment to allow a motor vehicle fuel tax dedicated to programs to keep gas stations open and programs for remediation and prevention of environmental contamination caused by the storage or distribution of resold petroleum products. Applies only to such taxes levied on or after January 1, 1994. Puts amendment to the voters at next regular primary election.

Revenue Impact:

State General Fund: None

Highway Fund: None, this amendment would allow some future fuel tax so dedicated to be used for such purposes rather than go into the Highway Fund. Only that future statutory change would create any impact on the Highway Fund, when and if it is proposed and enacted.

MISCELLANEOUS - LOCAL

SB 316 (613)

Reserves a portion of tax foreclosure proceeds for the county general fund. Sets amount reserved to 5% of delinquent tax plus $50.

Revenue Impact:

Local
Increases county general funds by about $175,000 per year and reduces revenue of other taxing districts by an equal amount.

Comment:
Taxing districts currently receive foreclosure proceeds. Counties receive a portion of delinquency proceeds for property redeemed by the owner before the county completes foreclosure. The bill gives counties the same portion when foreclosure takes place.

SB 546

Requires local government that imposes a tax on the rental of privately owned camping or recreational vehicle spaces to also impose the tax on rented spaces owned by a local government or the state.

Revenue Impact:

Local
Increase of about $280,000 a year from taxing state park spaces. Most of the revenue would go to 8 counties. Cities, counties and ports renting local park spaces would get an unknown amount of additional revenue.

SB 690

Allows local government funds to be invested in corporate debt with a maturity date of 18 months rather than 9 months. Broadens eligible corporate debt from commercial paper to include notes and bonds. Specifies minimum bond ratings.

Increases percent of corporate debt allowed to be invested outside Oregon from 10% to 25%. Limits local government's total corporate debt to 35% of its investments. Prohibits investments in mutual funds making local government a company stockholder.

Revenue Impact:

Local
Any increase in investment earnings from additional flexibility in investment options is expected to be minor.

SB 805 (392)

Clarifies district's authorization to both levy assessments and to impose direct charges. Repeals right to object to a petition for exclusion from a district. Allows districts serving certain subdivisions to require measuring devices at each parcel.

Revenue Impact:

None.

HB 2340

Allows irrigation district elections by mail. Modifies district election procedures, minimum age of electors, and land ownership requirements. Provides for weighted voting by size of land ownership. Allows access to land of water users for inspection, maintenance, and regulation of irrigation works. Allows directors to require users to install water control and measurement devices.
Changes irrigation district delinquent interest rate from 1% per month to the average prime rate charged by all banks in Oregon plus two percent per year. Makes other changes.

Declares emergency. Takes effect on passage.

Revenue Impact:

Local
Unknown small decrease in irrigation district revenue from lower delinquency interest rate or additional delinquencies.

HB 2883

Extends sunset of law prohibiting local real estate transfer taxes from January 1, 1994 to July 1, 1996.

Revenue Impact:

Local
No direct impact. Prevents local government adoption of a real estate transfer tax for an additional two and a half years.

State
No impact.

MISCELLANEOUS - OTHER

SB 86

Funds air pollution emission permit program for major stationary sources as required under the federal Clean Air Act Amendments of 1990. Establishes three funding sources beyond those allowed under current law:

1) Increases the fee on 1992 major stationary source emissions from $13/ton to $23.50/ton. (Also assures that the permanent fee of $25/ton+CPI can be collected beginning with 1993 emissions. Existing law would not allow collection on 1993 emissions if the federal EPA fails to meet its time line for approving Oregon's Title V Operating Permit Program.)

2) Allows DEQ and LRAPA to establish fees for specific elements of the permit program. Fees are anticipated to cover the additional costs associated with new or amended source permits and for "synthetic minor" permits. Fees begin November 1994.

3) Establishes an annual base fee of up to $2,500+CPI (estimated to equal $3,085 in 1994) on all sources subject to the operating permit program. DEQ, however, anticipates keeping the fee at $2,500 each year. Revenue impact reflects this. Fee begins November 1994.

Revenue Impact:

State: No impact on the General Fund. Increase of $2.59 million in Other Funds to the DEQ in 1993-95. This consists of $840,000 from the emission fee increase, $1 million from specific element fees, and $750,000 from the base fees.

Increase of $3.61 million to the DEQ in 1995-97. This impact is entirely from specific element and base fees and represents a full two years of collections.

Local: Increase of $256,000 to the Lane Regional Air Pollution Authority (LRAPA). LRAPA administers the operating permit program in Lane County. The increase consists of $94,000 from the emission fee increase and of $112,000 in specific element fees and $50,000 in base fees. Increase of $337,000 in the 1995-97 Biennium.

SB 122

Allows certain local governments to enter into cooperative agreements and urban service agreements. Requires agreements in certain cases. Proscribes annexation procedures. Allows credits against improvement fees for certain types of improvements.

Revenue Impact:

Local: Local revenues will be reduced to the extent that credits are allowed.

SB 243 (612)

Increases tax court filing fee from $10 to $50 and small claims court filing fee from $1.50 to $10. Increases the jurisdiction of the small claims court from $2,500 to $5,000 taxes assessed and from $125,000 to $250,000 of valuation for property tax.

Revenue Impact:

None.

SB 413 (439)

Increases homestead and personal property exemptions when property is involved in a bankruptcy as follows:

- Mobile home with land - from $15,000 to $23,000 ($30,000 if two debtors in household),
- Mobile home without land - from 13,000 to $20,000 ($27,000 if two debtors).
- Other homes, single debtor - from $15,000 to $25,000.
- Other homes, two or more debtors in household - from $20,000 to $33,000.
- Books, pictures, and musical instruments - from $300 to $600.
- Clothing, jewelry, and other personal items - from $900 to $1800.
- Tools, implements, and other items needed to earn a living - from $750 to $3000.
- Vehicle - from $1200 to $1700.
- Household goods - from $1450 to $3000.

Limits combined value of exempt firearms to $1000. Reduces time to claim exemption from 180 days to 90 days after delivery of writ of garnishment.

Applies to executions issued on or after effective date of Act.

Revenue Impact:

None.

SB 1126 (Vetoed)

Effective upon voter approval of HJR 59:

Dedicates most beer and wine tax revenues to drug and alcohol treatment, education, prevention, intervention and research. (Has no effect on wine taxes currently dedicated to the Wine Advisory Board).

Defines terms, includes certain law enforcement activities.

Revenue Impact:

No impact on the amount of state or local revenues received. However, some revenues would have to be rededicated to other uses if voters approve HJR 59 and this bill becomes effective.

Today, 50% of the affected revenues are dedicated by statute to drug and alcohol treatment, 28% go to the state General Fund, and 22% go to city and county general funds.

The bill would not change this distribution but would require the general fund distributions to be used for drug and alcohol treatment, education, prevention, intervention and research. This would not affect on the state, because the state General Fund already spends more on these programs ($22.7 million in 1991-93) than this bill would dedicate (about $4.5 million in 1993-95).

However, not all cities and counties are spending more on alcohol and drug programs than they receive from the tax. Therefore a portion of the $2.75 million going to city general funds and of the $0.8 million going to county general funds (1993-95 projections) would have to be rededicated to alcohol and drug programs.

SB 5530

Begins implementation of the Oregon Health Plan.

Increases cigarette tax by 5¢ per pack (from 28¢ to 33¢) on November 1, 1993 and another 5¢ per pack (from 33¢ to 38¢) on January 1, 1994. Requires accrual of cigarette tax receipts for July, 1995 into revenue for the 1993-95 biennium.

Sunsets increase on June 30, 1995.

Revenue Impact:

State: General Fund increase of $44.4 million in 1993-95. No impact in 1995-97 and beyond.

HB 2029 (593)

Establishes time limits and conditions for duty of garnishee to deliver property in safe deposit box to state agency. State agency must pay cost within 30 days of delivery of warrant. Requires payment of costs of garnishment at least 5 days before taking possession of property. Extends the provisions for garnishment, except for continuous garnishments, by a state agency to county tax collectors, if the taxpayer is notified that further collection action will be taken.

Ties date for employer's annual report of withholding tax to the date when the corresponding federal report is due. Applies to reports due on or after January 1, 1993.

Allows more than one officer or employee of a corporation to be held jointly and severally liable for payment of withheld taxes.

Allows Department or Revenue to divide the tax liability on a joint return equally between both spouses, if one spouse petitions for division. Spouses must be living apart, legally separated or divorced, and petitioner must be unable to pay the entire tax.

Revenue Impact:

Minimal General Fund Revenue Increase.

HB 2125 (587)

Expands existing Boxing Tax to include 6% on the value of pay-per-view orders to cable companies for boxing and wrestling events. Requires payment by the holder of distribution rights selling to cable systems in Oregon, and allows Commission to require cable TV company reports.

Also expands existing tax to include consideration received for sale of broadcast rights to in-state events, and sales to offsite locations charging admission to view closed circuit boxing events. Eliminates existing tax on sales by offsite locations of tickets to view the events.

Amended to resolve conflicts with other 1993 Session legislation.

Revenue Impact:

State: No impact on the General Fund. Increase of $148,000 in Other Fund revenues to the Boxing and Wrestling Commission. Revenue depends on the number of boxing and wrestling matches made available through pay-per-view, the number of Oregon subscribers who purchase each telecast, and the price paid to view the telecast. This estimate assumes 11 taxable events in the 1993-95 Biennium, with an average of 7,500 pay-per-view purchases per event and an average price of $30. Further assumes no revenue from the sale of broadcast rights for Oregon events. Uncertain but small impact from the change in tax treatment for offsite showing of events.

Local: No impact

HB 2163 (97)

Makes technical changes to procedure for issuing and administering local government bonds. Allows ports to take advantage of short term borrowing. Makes other changes to HB 3048 (1991 Session).

Revenue Impact:

None.

HB 2202 (231)

Combines the two subaccounts in the Residential Service Protection Fund that are financed by a surcharge on telephone access lines. The two subaccounts are used to fund the Oregon Telephone Assistance Program (OTAP) and the Telecommunication Devices Access Program (TDAP).

Replaces the existing 10¢/month surcharge limit for OTAP and the 15¢/month surcharge limit for TDAP with a 25¢/month surcharge limit on the combined account funding both programs.

Revenue Impact:

No impact on the General Fund. The bill also has no direct impact on Other Fund revenues to the PUC. However, the PUC is likely to raise the total monthly surcharge (subject to Emergency Board approval of an increased expenditure limitation) if this bill passes.

Currently, only 15¢ of the 25¢ that is allowed is actually collected - 1¢/month is collected for OTAP, and 14¢/month for TDAP. Growth in use of the TDAP program is likely to require a surcharge above the 15¢ limit that now exists for that program. This bill would permit greater funding for TDAP by allowing a total surcharge for both programs of up to 25¢/month.

The actual surcharge would be determined by the cost of running both programs. Each 1¢ increase over the current surcharge would generate approximately $200,000 per year.

HB 2348

Combines method of collection for assessments by the Department of Insurance and Finance, the Department of Revenue, and the Employment Division. Changes basis of Employment Division assessments from daily to hourly. Requires these agencies to develope and assign a single account number for all programs included in the combined quarterly report to the Department of Revenue. Modifies method of funding Center for Occupational Disease Research. Appropriates money.

Revenue Impact:

None.

HB 2431

Establishes Central Business Registration Coordinating Council composed of representatives of five state agencies and three private business people. Sets goals of council to: (1) Agree to a one-number business identification system by January 1, 1994; (2) Implement the system if approved and funded by the next Legislature; and (3) Determine if a central business filing system is feasible.

Establishes Business Registration Information Center in the Secretary of State's Corporation Division to develop and disseminate information on state business registration requirements. Funds center by increasing other funds spending limit by unspecified amount.

Revenue Impact:

None.

HB 2676

Reduces Amusement Device Tax on games of skill (video games, pinballs) from $75 to $38.20 per year. Reduces tax on kiddie rides and music devices from $37.50 to $31.60. (Note all of these figures include both the base rate and the surcharge.) Sunsets tax on games of skill, kiddie rides and music devices on July 1, 1997.

Increases Amusement Device Tax on lottery video poker terminals from $100: to $135 in establishments with annual net video receipts not exceeding $104,000; to $185 in establishments with annual net video receipts up to $260,000; and to $260 in establishments with annual net video receipts above $260,000. (Again these figures include the surcharge.) Does not sunset tax on lottery video terminals.

Changes distribution of Amusement Device Tax receipts to hold harmless the three recipients of the tax: counties, the state General Fund, and the Youth Conservation Corps.

Revenue Impact:

State: Revenue neutral through the 1995-97 Biennium. Funds to both the General Fund and the Youth Conservation Corps are maintained at current law levels.

Local: Revenue neutral through the 1995-97 Biennium.

The bill establishes a 1997 sunset for the Amusement Device Tax, with the exception of the tax on video lottery terminals. Therefore revenue reductions will be realized beginning in the 1997-99 Biennium.

HB 3177 (707)

Repeals "back-up" gross receipts tax on petroleum suppliers and associated fees.

Limits use of petroleum load fee for hazardous materials emergency response and orphan sites to highway-related uses.

Allows local fire departments to bill responsible parties for emergency response efforts.

Makes budgetary changes.

Revenue Impact:

State: No impact. The Attorney General has ruled the petroleum fee is constitutionally limited to highway uses. The "back-up" taxes have not been imposed and would not be unless the Oregon Supreme Court finds the petroleum fee is subject to constitutional limits.

HB 3517

Shortens 911 emergency telephone tax sunset from January 1, 2000 to January 1, 1996. Adds interest earnings on Emergency Communications Account to the account. Expands analysis to be included in the current efficiency study of the 911 emergency system. Requires the study to be completed by March 1, 1994 and submitted to the interim revenue committee. Codifies 911 tax into ORS.

Revenue Impact:

911 Emergency Communications Account
  1993-95 increase of about $85,000 for interest earnings.
  1995-97 decrease of about $20 million with January 1, 1996 sunset.

State General Fund
  1993-95 decrease of about $85,000.
  1995-97 decrease of about $85,000.

HB 3676 (682)

Changes percent of gross mutuel wagering payments to the Racing Commission as follows:

	Current	HB 3637
Horse Racing	2.00	.75
Greyhound Racing	6.30	1.75
County fairs, livestock shows, and Pendleton Roundup		
Horses	.90	.75
Greyhound	2.50	1.75

Eliminates payments to various fairs and livestock shows, OSU School of Veterinary Medicine and the state General Fund from the Racing Commission Account. Allows racing license holders to keep unclaimed winnings. Requires unclaimed winnings be paid to commission if commission's share of gross is insufficient to fund the commission. Increases number of possible race days from 160 to 350. Allows greyhound license holders increase in take from 16.5% to 22%. Increases number of off-track betting locations from 12 to 36. Changes base for up to 5% surcharge from off-track bets to off-track winnings. Requires one race of exclusively Oregon bred greyhounds at greyhound meet if possible. Allows handicapping contests for race patrons. Repeals five statutes no longer needed because of the amendments.

Revenue Impact:

Local
Reduces estimated 1993-95 payments from the Racing Commission Account to the following:

County Fairs	$1.1 million
Counties	2.0
Festivals and livestock shows	.1
OSU Veterinary Medicine	.2

State
Reduces 1993-95 General Fund revenue about $2.5 million.