

PUBLIC HEARING

HJR 13, 48

HB 3378, 3358, 2775

TAPES 120-121 A-B, 122 A

HOUSE REVENUE COMMITTEE

APRIL 19, 2005 1:00 PM STATE CAPITOL BUILDING

Members Present:

- Tom Butler, Chair
- Rep. Vicki Berger, Vice-Chair
- Rep. Mark Hass, Vice-Chair
- Rep. Brian Boquist
- Rep. Sal Esquivel
- Rep. Larry Galizio
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Witnesses Present:

- Rep. Donna Nelson, District 24
- Lee Hazelwood, Marion Co. Senior & Disabilities
- Bill Kluting, Western Council of Industrial Workers
- Ruth Shepherd, Salem OR
- Angela Carey OR Assn. on Aging & Disabilities (04AD)

Jacqueline Zimmer, OR Assn. on Aging & Disabilities (04AD)

Dale Penn, Director, Oregon Lottery

Jana Jarvis, Oregon Assn. of Realtors

John Van Landingham, Legal Services Atty., Lane County

John Fletcher, Oregon Housing & Community Services

David Foster, Oregon Housing & Community Services

Danell Romaine, Public Affairs Counsel

Michael Anderson, Housing Alliance

Bill Van Vliet, Director, Network for Oregon Affordable Housing (NOAH)

Anne Williams, Housing Programs Director, St. Vincent de Paul

Marineusa Lathan, Portland OR

Richie Weinman, City of Eugene

Jean Tate, Metropolitan Affordable Housing

Jerry Croft, Executive Director, Salem Housing Authority

Staff Present:

Paul Warner, Legislative Revenue Officer

Mazen Malik, Economist

Lizbeth Martin-Mahar, Economist

Kristi Bowman, Committee Assistant

TAPE 120, SIDE A

002 Chair Butler

Calls meeting to order at 1:03 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 3358

006	Lizbeth Martin-Mahar	Gives overview of HB 3358 (Exhibit 1). The bill creates an income tax credit for withdrawal from an Individual Development Account (IDA) if the amount withdrawn is used for settlement, financing or other closing costs incurred in the purchase of a primary residence. IDAs are designed for low-income families to help build assets. Once they put money in the account, the funds are matched by businesses or fiduciary organizations. Under current law taxpayers who contribute to an IDA can take a personal income tax deduction. This bill will allow both a tax deduction and a tax credit once they purchase their home. The limit is \$2000. Refers to revenue impact statement (Exhibit 2).
100	John Van Landingham	Testifies in support of HB 3358. HB 3358 will help with home ownership and is a “piece of the ladder” of affordable housing.
110	Jana Jarvis	Testifies in support of HB 3358 and submits written testimony (Exhibit 3). Oregon is on the decline of home ownership rates compared to national rates and ranks 42nd in ownership rates.
140	Chair Butler	Asks if contributors for the IDAs are coming forward.
150	John Fletcher	Responds that agreements with banks and business partners have been made. Specific goals must be established for the participants, for example, savings, education, starting a small business, home ownership. The program is monitored closely.
173	Chair Butler	Asks for comparisons to other states’ similar programs.

177	Fletcher	Responds that Oregon's program is unique and is working very well. Defers comparison question to David Foster.
180	David Foster	Gives historical background of Individual Development Accounts (IDAs). Discusses impacts of IDAs on the participants. The program comes with coaching and mentoring to help them develop their financial goals.
211	Chair Butler	Additional discussion exchanged with Foster about the IDA program.
230	Foster	Submits brochure on IDAs (Exhibit 4). "IDAs change the way people think." About half to 2/3 of participants apply IDAs for home ownership.
278	Chair Butler	Asks Jarvis to comment on the -1 amendment (Exhibit 5).
284	Jarvis	Refers to lines 9-13. The amendment states a policy that there will be future investments from state matching funds. This program would be ideal for realtors to work with.
304	Rep. Esquivel	Expresses concern about escalating home prices. Low-income people don't qualify for the escalating prices, and the funds in an IDA are not utilized. Asks how many people statewide the IDA program will help.

- 324 Fletcher Responds that the program is not intended to fulfill all home ownership needs. The IDAs help the potential homeowners reach their goal faster. Adds that home ownership for other income levels needs to be addressed. This bill is only structured to deal with low income people.
- 365 Chair Butler General comments about the IDA program.
- 377 Jarvis Comments that home ownership for all income levels is a statewide issue. The Oregon Housing Lobby Coalition decided to start somewhere, and the IDA initiative is a program to focus on. Adds that it is a valuable program.

CLOSES PUBLIC HEARING FOR HOUSE BILL 3358

OPENS PUBLIC HEARING FOR HOUSE BILL HJR 13

TAPE 121, SIDE A

- 002 Mazen Malik Gives overview of HJR 13 (Exhibit 6). The bill proposes an amendment to the state Constitution to distribute a portion of net proceeds of the State Lottery for services to seniors and persons with disabilities. It would dedicate 10% of lottery proceeds for that purpose. Discusses the revenue impact for the 07-09 biennium (Exhibit 7).

- 033 Rep. Donna Nelson Testifies in support of HJR 13 and reads verbatim from written testimony (Exhibit 8). Additional comments are made. According the Census Bureau, the state population of seniors age 65 or older is approximately 13%. The Governor's 2005 biennium budget reduces \$29 M for seniors and the disabled. Discusses proposed program cuts. Refers to a report distributed to legislators on 04/19/05 (not entered as an exhibit). The April 2005 report is published by the Oregon Progress Board (www.oregon.gov/DAS/OPB)
- 150 Chair Butler Asks if the cuts proposed are “on top” of other general fund expenditures.
- 170 Rep. Nelson Responds that the budget cut amounts are listed in the reductions.
- 180 Bill Kluting Testifies in support of HJR 13. Reads verbatim from written testimony (Exhibit 9). Discusses what Washington is doing for economic development. Discusses loss of Oregon jobs due to mill closures statewide.
- 232 Lee Hazelwood Testifies in support of HJR 13. Discusses the Pennsylvania and West Virginia lottery contributions to seniors.
- 293 Ruth Shepherd Gives her background as a gubernatorial appointee on the Committee for Aging. Helped develop Project Independence. Testifies in opposition to HJR 13. Opposes the bill because senior care is not a legislative responsibility—it should be a voter referendum. Home care is covered by Project Independence, and the funding solution for that program could be a dedicated fund.

376 Chair Butler Comments on a recent voter referendum that dedicated 15% of lottery funds.

381 Shepherd Comments that she is fully supportive of the need, and supports lottery funding through other channels. Adds that there is a fairness question when budget dollars are short, and it takes statesmanship to deal with it. She sees a negative with the legislature “handing it off.” She does support dedicated funding, but sees a problem with the “methodology.”

TAPE 120, SIDE B

023 Jacqueline Zimmer Defers testimony to Angela Carey, an intern with the Oregon Assn. of Area Agencies on Aging & Disabilities.

034 Angela Carey Testifies in support of HJR 13 and reads verbatim from written testimony (Exhibit 10).

083 Chair Butler Discusses Measure 66 that proposed appropriating lottery funds in addition to general funds dedicated to a specific program. Asks for Zimmer’s perception of HJR 13 relative to backfill [of the general fund].

097 Zimmer Responds that an amendment is needed to prevent the option of backfill from happening. Adds that she would “hate to see the backfill happen.”

105 Chair Butler Asks Carey about a the figures stated in the last paragraph on page 1 of her testimony. Asks if the small increases for seniors in 2003-2004 sound fair to her.

127 Carey Responds no.

CLOSES PUBLIC HEARING FOR HJR 13

OPENS PUBLIC HEARING FOR HJR 48

142 Rep. Nelson Testifies in support of HJR 48 and reads verbatim from written testimony (Exhibit 11).

191 Dale Penn Testifies in opposition to HJR 48. Submits written testimony (Exhibit 12). Discusses the Megabucks and Powerball jackpot prizes. Megabucks games do not generate enough revenue because of the minimum prize of \$1 M. Putting this issue into the Constitution is not a "wise decision." Doesn't believe the proposed games would be sufficiently supported by the public. Supports the motives behind the bill.

263 Rep. Riley Asks if the Lottery Commission regularly studies new ways to effectively raise money for the state. Follow-up: does the Lottery Office look at other states' programs.

265 Penn Responds that the Commission always looks for new games—cites the new computer game that has become very popular. Responds that other states regularly share information about their new games and ideas.

282 Rep. Berger Asks Rep. Nelson about a statement in her testimony that constituents complained that there are not frequent enough small prizes.

290 Rep. Nelson Responds that the constituents suggest that instead of a \$37 M jackpot, for example, the jackpot should be divided up 37 ways. If games could be developed where more people could share in the jackpot, it would help the state's economy.

CLOSES PUBLIC HEARING FOR HJR 48

OPENS PUBLIC HEARING FOR HB 3378

373 Martin-Mahar Gives overview of HB 3378 (Exhibit 14). This bill creates a new business tax credit for the costs incurred by the taxpayer for home purchases.

435 Rep. Berger Asks what would constitute an eligible business for this tax credit.

437 Martin-Mahar

Refers to lines 14-16 of Section 2 in the bill for the definition of eligible businesses. That includes pass-through entities (S-corporations or partnership) as well as regular corporations.

TAPE 121, SIDE B

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| 025 | Rep. Riley | Clarifies that this is a credit that can be taken against a person's personal or corporate taxable income. |
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| 030 | Martin-Mahar | Responds that if a business gives an employee assistance with purchasing a home, the business could take the tax credit. Refers to line 6-7, Section 2 of the bill. Comments that the bill's language is broad. |
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| 040 | Rep. Berger | Expresses concern about the bill language not being specific regarding the definition of business. |
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| 042 | Rep. Hass | Agrees with Rep. Berger's comment. Adds that many companies in Washington County already help employees with home purchases as a recruitment incentive and is sure they would take this credit. |
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| 056 | Chair Butler | Agrees that the bill needs amendments for additional definition. |

CLOSES PUBLIC HEARING FOR HOUSE BILL 3378

OPENS PUBLIC HEARING FOR HOUSE BILL 2775

- 069 Martin-Mahar Gives overview of HB 2775 (Exhibit 15). The bill increases the cap on the existing tax credit that goes to corporations and lending institutions by allowing lower rents to their residents. It is the same as Senate Bill 996. This bill does not impact the sunset date of 12/31/09. Refers to the revenue impact statement (Exhibit 16).
- 123 Rep. Riley Asks what the spending cap level was that the Senate passed in their bill.
- 125 Martin-Mahar Responds \$11 M.
- 130 Danell Romaine Introduces speakers from the Housing Alliance.
- 140 Michael Anderson Testifies in support of HB 2775. Reads verbatim from written testimony (Exhibit 17).
- 184 Bill Van Vliet Testifies in support of HB 2775. The Housing Alliance uses the program extensively. Discusses the mechanics of the program. Discusses handout information (Exhibit 18). The program is efficient and simple to administer. The foregone tax revenue reaches 100% of public policy objectives. Asks for the sunset date be extended to 2020. Adds that this tax credit is an effective tool for affordable housing.

294	Chair Butler	Asks how many residences are used by the low-income population and what is the cost to provide the service.
300	Van Vliet	His organization NOAH financed 4000 units last year, and there are more units financed by other lenders. falls between 30-50% of median income.
305	Chair Butler	General comments on the program and measurable results.
327	Rep. Berger	Asks how extensive this program is statewide.
330	Van Vliet	NOAH has projects in every quadrant of the state, primarily along the I-5 corridor. This is the most powerful program for rural communities. Adds that the Oregon Bankers Assn. is happy with the program.
363	Martin-Mahar	Comments that Senate Bill 996 was heard at METRO in Portland [on 03/04/05], and there were several bankers who testified in support.
371	Anne Williams	Testifies in support of HB 2775 and supports the extension of the sunset date and the raising of the cap. Discusses St. Vincent de Paul's use of the program. The typical tenant is between 41-50% of median income and the majority is single heads-of-households and disabled. Discusses the impact of SB 996 and HB 2775 on the "development pipeline." It is a powerful tool to help families gain home ownership.

TAPE 122, SIDE A

- 031 Marineusa Lathan Testifies in support of HB 2775 on behalf of low-income tenants. Discusses the impact of affordable housing on her own family.
- 063 Richie Weinman Testifies in support of HB 2775. Reads verbatim from written testimony (Exhibit 19). The affordable housing tax credit is a critical program and asks the state to continue partnering with the City of Eugene.
- 087 Chair Butler Asks for specific example of someone who goes through the process and eventually leaves affordable housing.
- 090 Weinman Gives example of a new project sponsored by a non-profit for first-time home buyers next to an existing affordable housing project. Residents of the housing project are moving into their own homes in the new project.
- 097 Jean Tate Testifies in support of HB 2775. Discusses the Greenleaf Housing Project that was built as a result of the tax credits in this bill. Discusses the Apple Orchard Project and the programs connected to housing.
- 148 Jerry Croft Testifies in support of HB 2775. Submits photographs and handout describing the housing projects in Salem (Exhibits 20 & 21). Discusses the deductions for the Oregon Affordable Housing Tax Credits with Chair Butler.

200 Chair Butler General comments on HB 2775 and SB 996.

CLOSES PUBLIC HEARING FOR HB 2775

210 Chair Butler Adjourns meeting at 3:08 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. 1. HB 3358, Staff Measure Summary, Martin-Mahar, 1 pg., 04/19/05
2. 2. HB 3358, Revenue Impact Statement, Martin-Mahar, 1 pg., 04/19/05
3. 3. HB 3358, Testimony, Jarvis, 5 pp., 04/19/05
4. 4. HB 3358, Brochure, Oregon Housing Commission, Foster, 6 pp., 04/19/05
5. 5. HB 3358, Amendment HB 3358-1, Legislative Counsel, 1 pg., 04/18/05

6. 6. HJR 13, Staff Measure Summary, Malik, 1 pg., 04/19/05
7. 7. HJR 13, Revenue Impact Statement, Malik, 1 pg., 04/19/05
8. 8. HJR 13, Testimony, Rep. Nelson, 1 pg., 04/19/05
9. 9. HJR 13, Testimony, Kluting, 1 pg., 04/19/05
10. 10. HJR 13, Testimony, Carey, 1 pg., 04/19/05
11. 11. HJR 48, Testimony, Rep. Nelson, 1 pg., 04/19/05
12. 12. HJR 48, Testimony, Penn, 2 pp., 04/15/05
13. 13. HJR 48, Staff Measure Summary, Malik, 1 pg., 04/19/05
14. 14. HB 3378, Staff Measure Summary, Martin-Mahar, 1 pg., 04/19/05
15. 15. HB 2775, Staff Measure Summary, Martin-Mahar, 1 pg., 04/18/05
16. 16. HB 2775, Revenue Impact Statement, Martin Mahar, 1 pg., 04/18/05
17. 17. HB 2775, Testimony, Anderson, 1 pg., 04/04/05
18. 18. HB 2775, Handout, Van Vliet, 3 pp., 04/19/05
19. 19. HB 2775, Testimony, Weinman, 1 pg., 03/29/05
20. 20. HB 2775, Photographs, Croft, 5 pp., 04/19/05
21. 21. HB 2775, Handout, Croft, 2 pp., 04/19/05