

**PUBLIC HEARING**

**HB 3143 A, 2737 A, 3333 A, 2847 A, 2945 A,  
3334 A, 2933 A**

**HJR 34 A**

TAPES 165-166 A-B, 167 A

**HOUSE REVENUE COMMITTEE**

**MAY 19, 2005 1:45 PM STATE CAPITOL BUILDING**

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

Member Excused:           Rep. Brian Boquist

Witnesses Present:           Ed Metcalf, Chairman, Coquille Indian Tribe  
                                  Brett Kenney, Tribal Attorney, Coquille Indian Tribe  
                                  Terry Connolly, Eugene Chamber of Commerce

Jack Isselmann, Lane Metro Partnership

Hasina Squires, Special Districts Assn.

Art Fish, OR Economic & Community Development Dept. (OECDD)

Rep. Donna Nelson, District 24

Doris Penwell, Assn. of Oregon Counties (AOC)

Tony Hyde, Columbia County Commissioner

Rep. Jeff Kropf, District 17

Rep. Phil Barnhart, District 15

Col. Mike Caldwell, Deputy Director, OR Military Dept.

Paula Brown, Oregon Dept. of Veterans' Affairs

Jeff Hill, Oregon County Veterans Service Officers Assn.

John Lindsey, Linn County Commissioner

Rep. Dave Hunt, District 40

Mack MacDonald, various Veterans organizations

Kevin O'Reilly, Oregon Paralyzed Veterans of America

Debra Buchanan, Dept. of Revenue (DOR)

Staff Present:

Paul Warner, Legislative Revenue Officer

Mary Ayala, Economist

Lizbeth Martin-Mahar, Economist

Mazen Malik, Economist

Kristi Bowman, Committee Assistant

005 Chair Butler Calls meeting to order at 1:49 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 3143 A

014 Mary Ayala Gives background of HB 3143 A (Exhibit 1). The bill authorizes the Oregon Dept. of Economic and Community Development (OECDD) to approve designation of up to ten additional areas of urban or non-urban enterprise zones.

033 Ed Metcalf Testifies in support of HB 3143 A and reads verbatim from written testimony (Exhibit 2).

086 Chair Butler Comments that Metcalf is testifying on behalf of amendment HB 3143-A9 (Exhibit 3) that would remove the population density factor.

088 Brett Kenney Comments that the population of the Coquille tribe is much denser than 15 persons per square mile when the Coquille forest is taken into consideration.

112 Terry Connolly Testifies in support of HB 3143 A and submits written testimony (Exhibit 4). The Eugene Chamber of Commerce supports the expansion of enterprise zones. They believe that enterprise zones are an important economic tool to assist local communities with development.

- 139 Jack Isselmann Reads verbatim from written testimony from Rep. Bruun (Exhibit 5). Testifies in support of HB 3143 A and submits written testimony (Exhibit 6). There is an opt-out provision for special districts in the bill. Lane Metro Partnership takes no position on the opt-out provision because Eugene currently has no special districts. However, the Metro Partnership will try out a pilot program for other areas in Lane County that have special districts.
- 239 Rep. Hass Expresses concern that the more [enterprise] zones you add, the more you dilute the existing ones. Discusses this issue with Isselmann. If the state gives incentives to Eugene or Portland, for example, it is a disadvantage to Burns.
- 263 Isselmann Responds that when a company comes to Oregon, they have their sights set on a particular location independent of incentives like enterprise zones. Incentives are created to compete with other states and foreign countries. Enterprise zones are not practical for all communities. The program is to attract investment of \$5 M to \$60 M.
- 305 Chair Butler Discusses opt-out comments from Isselmann's testimony.
- 327 Hasina Squires Testifies in support of HB 3143 A and submits written testimony (Exhibit 7). The Special District Assn. has no objection to amendment HB 3143-A7 (Exhibit 8) or amendment HB 3143-A9 (Exhibit 3). Discusses why the Assn. does not support amendment HB 3143-A8 (Exhibit 9). The Assn. does not mind if the number of enterprise zones is reduced from ten to a lower number.
- 402 Art Fish Testifies in support of HB 3143 A and submits an informational booklet on Enterprise Zones (Exhibit 10). OECD supports HB 3143

A and favors amendment HB 3143-A9. Discusses reasons for support of amendments HB 3143-A7 and HB 3143-A8. Discusses the reasons why OECDD would prefer the opt-out provision not to be included with any new enterprise zone.

**TAPE 166, SIDE A**

- 034 Rep. Hass Asks: why not create an enterprise zone for the entire state?
- 035 Fish Responds that the incentive is limited to certain areas that want an enterprise zone. Discussion with Rep. Hass on this issue.
- 066 Rep. Esquivel Asks how many enterprise zones did Oregon start with.
- 070 Fish Responds that of the 49 current enterprise zones, 89 cities are sponsors. Initially, 30 zones were initially authorized by legislation passed in 1985. Discusses the history of the subsequent 19 zones.
- 106 Rep. Esquivel Discusses special district opt-out provision with Fish.
- 113 Rep. Riley Comments on testimony given in the Trade and Economic Development Committee (date not specified). If the local jurisdictions who want the enterprise zone can't convince their local partners to participate, then they probably won't be successful in managing the zone.

- 135 Rep. Donna Nelson Testifies in support of HB 3143 A because it promotes development. Expresses concern about the HB 3143-A9 amendment but amendment HB 3143-A8 should be kept. “When businesses thrive, communities survive.” Enterprise zones should be supported because they allow local communities to do something competitive and build a future for their children.
- 200 Rep. Berger Asks if McMinnville has an enterprise zone.
- 201 Rep. Nelson Responds that McMinnville does not currently have one, but the City of Sheridan in the same county does.
- 221 Doris Penwell Testifies in support of HB 3143 A. AOC would support the bill if it didn’t have the opt-out language, which drives a wedge between local partners. AOC is willing to beef up the language in the statute. AOC sponsors the HB 3143-A8 amendment that took out the opt-out language.
- 257 Chair Butler Clarifies that the opt-out provision would apply to newly designated enterprise zones. Discussion with Penwell on creating a new type of enterprise zone as proposed in amendments HB 3143-A8 and HB 3143-A9.
- 270 Tony Hyde Testifies in support of HB 3143 A. Gives anecdotal testimony on a local enterprise zone benefit. Columbia County always considers special districts prior to signing an enterprise zone agreement. Discusses positive impacts to local businesses and special districts as a result of enterprise zones. Enterprise zones are for more than blighted areas because they put a community on a competitive level with other states. An enterprise zone also provides expansion and retention.

337 Chair Butler Comments that under Section 3 of the bill, once an existing enterprise zone renews, there would be an opt-out provision for special districts. Discussion with Ayala on this issue.

367 Rep. Riley Comments that the intent of HB 3143 was to apply the special district opt-out provision to new enterprise zones only.

377 Chair Butler Additional comments on the opt-out provision. Clarifies with witnesses about their support of the amendments. Comments that the HB 3143-A7 amendment is sponsored by OECDD, HB 3143-A8 amendment is sponsored by AOC, and HB 3143-A9 is sponsored by the Coquille Indian Tribe.

CLOSES PUBLIC HEARING FOR HOUSE BILL 3143 A

OPENS PUBLIC HEARING FOR HOUSE BILLS 2847 A, 2737 A, and 3333 A

404 Lizbeth Martin-Mahar Gives background of HB 2847 (Exhibit 12). The bill pertains to the charitable check-off program on the Oregon Income Tax form. Discusses amendment HB 2847-A4 (Exhibit 13) which adds provisions from HB 3333 and HB 2737.

**TAPE 165, SIDE B**

093 Martin-Mahar

Discusses handout: History of Charitable Checkoffs (Exhibit 14). Discusses State Income Tax Form 40S to show the charities currently on the form (Exhibit 15). Comments that there is no revenue impact on the General Fund or local governments.

- 124 Rep. Jeff Kropf Testifies in support of moving the provisions of HB 3333 A into HB 2847 A. Supports HB 2847-A4 amendment.
- 146 Chair Butler Comments on the intent of Rep. Boquist to combine these bills that pertain to the charitable check-off program.
- 154 Rep. Kropf Comments on the concept of having the various entities listed on the front of the Tax Form 40S.
- 166 Rep. Phil Barnhart Refers to page 11 of amendment HB 2847-A4 that “melds” all three bills into one. Supports the amendment. Expresses concern that it is a major policy shift to show more charities on the tax form and rotate them periodically. While he supports the policy shift, he states that there are members of the House who do not.
- 204 Rep. Komp Expresses concern about the wording in the amendment regarding the rotation cycle of charities on the tax form.
- 220 Rep. Barnhart Comments that the Committee on Veterans Affairs discussed many issues pertaining to these three bills. The HB 2847-A4 amendment



takes care of soldiers while they are deployed and when they return to regular civilian life. Believes that successful programs in these areas will “go a long way toward reducing costs and human suffering for returning soldiers and their families.”

259 Rep. Berger Comments that the Veterans Committee has created a different kind of check-off fund other than the usual check-offs for charities. Asks for comments or clarification from witnesses.

289 Rep. Nelson Comments that she was not aware that the three bills were being blended.

300 Chair Butler Discussion with Rep. Nelson on the intent of Rep. Boquist to blend the bills pertaining to veterans.

316 Rep. Nelson Expresses concern that these bills address three different issues and should not be blended together. Regarding the check-off program, comments that all programs should be rotated equally or all put on one page.

354 Rep. Barnhart In response to Rep. Berger’s comments, the Veterans Committee chose the Oregon Military Dept. to administer these funds because they are best able to decide which applications are valid and which programs would receive a distribution of funds.

373 Rep. Nelson Comments that the Veterans Home is under the jurisdiction of Dept. of Veterans’ Affairs, not the Military Dept.

390 Mike Caldwell The Military Dept. supports the blending of the bills in amendment HB 2847-A4.

393 Paula Brown Testifies about the reference in the amendment HB 2847-A4 to the Oregon Veterans Home Account. Expresses concern that funds going into the Oregon Veterans Home Account would jeopardize federal funding. The Dept. of Veterans' Affairs suggests putting the funds into a trust account and then transferring the funds to the Veterans Home Account.

**TAPE 166, SIDE B**

018 Debra Buchanan Discusses State Income Tax Form 40S (Exhibit 16) showing what is currently on the form for charitable check-offs. Expresses concern that the amendment mandates the Dept. of Revenue (DOR) to put eight charities on the form initially and then 12 charities on the form in four years without any leeway to leave them off if there isn't enough space on the form. Discusses periodic legislative changes that have impacted the tax form. The DOR needs flexibility to accommodate the changes.

044 Rep. Berger Comments on what the Veterans Committee is proposing. Asks about putting the new Veterans Fund on the front of the form with a reference to all other charities in the instruction book. Discussion with Buchanan on this idea.

072 Chair Butler Restates that those programs that come from the General Fund would be on the face of the form. Other charities would be in the instruction booklet.

083 Buchanan Adds that the fiscal impact of listing 12 entities to the tax form would cost \$100,000 to add the required four pages to the instruction booklets.

093 Rep. Nelson Suggests putting all charities on one booklet page or rotating them on the tax form.

CLOSES PUBLIC HEARING FOR HOUSE BILLS 2847 A, 3333 A, 2737A

OPENS PUBLIC HEARING FOR HJR 34 A

125 Mazen Malik Gives background of HJR 34 A (Exhibit 18). The bill amends the State Constitution to include services to veterans among the dedicated uses of proceeds from the State Lottery. Discusses the HJR 34-A11 amendment (Exhibit 19) which combines amendments HJR 34-A9 and HJR 34-A10. Discusses the revenue impact of amendment HJR 34-A11 (Exhibit 20).

176 Jeff Hill Testifies in support for HJR 34 A and the amendments because they provide stable funding to Veteran Services and services to the Oregon National Guard. Suggests a change in the engrossed version of the bill's language (line 9, page 4) pertaining to veterans service officers. It should read "veterans service officers accredited through the Oregon Dept. of Veterans' Affairs."

229 John Lindsey Testifies in support of HJR 34 A. Discusses the bill language pertaining to veterans service officers, and states that the issue did not

come up in the Veterans Committee. It would solve the issue of ambiguity regarding who is a veterans service officer. [This ambiguity is not addressed in the amendment HJR 34-A11].

- 267 Rep. Hass Asks what the thinking was about changing the dedicated lottery allocation to parks.
- 274 Lindsey Comments on issues concerning returning veterans and the need for stabilized revenue for them. Comments on rolling surpluses in some of the lottery accounts such as the account for parks.
- 337 Rep. Hass Asks about the intent of the 56/44 percentage stated in the HJR 34-A11 amendment.
- 343 Lindsey Responds that he is not familiar with the percentages stated in the amendment.
- 346 Rep. Dave Hunt In response to Rep. Hass' question, he states that Rep. Boquist adjusted the percentages in order to preserve the salmon program in its entirety. The only impact would be to the parks allotment.

OPENS PUBLIC HEARING FOR HOUSE BILL 2945 A

- 359 Rep. Hunt Testifies in support of HB 2945 A and discusses the three types of veterans who would benefit from this property tax exemption. This bill increases the means test for more veterans to qualify and adjusts the benefit amounts to allow for inflation.
- 437 Chair Butler Asks how the means-testing is evaluated and who adjusts the property values.
- 439 Rep. Hunt Responds that the current mechanism would not change. Discussion with Chair Butler on this issue.

**TAPE 167, SIDE A**

- 041 Brown Testifies in support of HJR 34 and the amendment HJR 34-A11. The intent of the bill is to include all veterans service officers. Expresses concern on behalf of Rep. Boquist that using the terminology “accredited by Veterans Affairs” would eliminate some county veterans service officers in smaller counties because they do not work the required number of hours to be accredited.
- 061 Chair Butler Asks how many veterans service officers are accredited in each county. [Brown later provided this information in an e-mail (Exhibit 21)].
- 068 Mack MacDonald Testifies in support of HJR 34 A but does not support the amendment. There would be nine veterans service officers in Multnomah County who would be eliminated because of the accreditation clause in the amendment.

- 080 Rep. Berger Expresses concern that there is no statutory definition of a veterans service officer.
- 083 MacDonald Responds that he does not share that concern because the only officers recognized are national, state, and county service officers. Other individuals may help veterans, but they are not veterans service officers recognized by veterans organizations, the Oregon Dept. of Veterans' Affairs, and the federal government.
- 091 Malik Adds that this bill is a constitutional amendment that would require a definition of veterans service officers. Amendment HJR 34-A11 came from the Revenue Committee and combined amendments HJR 34-A9 and HJR 34-A10.
- 121 Lindsey Testifies that he is adamantly opposed to the HJR 34-A11 amendment because it will violate the single subject rule because of the redistribution formula involving parks and veterans.
- 132 Malik Comments that amendment HJR 34-A9 dealt with the single subject issue and the amendment HJR 34-A10 dealt with the distribution issue. The parks distribution is out of the discussion, leaving only one subject, the 1% distribution to veterans. Since this is now a single subject issue, there should not be a constitutional problem. There is still a need to have constitutional language to define veterans service officers.

CLOSES PUBLIC HEARING FOR HJR 34 A

- 157 Ayala Gives background of HB 2945 A (Exhibit 22). This bill increases the property tax exemption for qualified disabled veterans.
- 182 Chair Butler Discusses exemption amounts with Ayala.
- 198 Kevin O'Reilly Testifies in support of HB 2945 A. The tax credit will help veterans with their incidental health care costs that are going up much higher than the rate of inflation.
- 204 Rep. Galizio Asks Ayala to clarify the income requirement.
- 208 Ayala Responds that she initially thought the eligibility requirement was based on household income, but upon further reading of the bill, she determined that eligibility was based on the veteran's income only.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2945 A

OPENS PUBLIC HEARING FOR HOUSE BILL 3334 A

- 230 Ayala Gives overview of HB 3334 A (Exhibit 23). The bill grants a property tax exemption to certain military personnel who are called to federal active duty under certain circumstances. Refers to a summary sheet on the amendments (Exhibit 24). Discusses the HB 3334-A5 amendment (Exhibit 25) that replaces the HB 3334-A3 and HB 3334-A4 amendments (Exhibits 26 and 27).

256 Chair Butler Discussion with Ayala on the amendments. Clarifies that all issues in amendments HB 3334-A2, A3, and A4 are included in amendment HB 3334-A5.

276 Rep. Berger Clarifies that the revenue impact statement for HB 3334-A2 (Exhibit 17 on 05/06/05) is the same as for HB 3334-A5.

305 Chair Butler Discussion with Ayala about the revenue impacts.

312 Caldwell Testifies in supports of HB 3334 A. The bill will benefit citizen soldiers who are activated and take financial impacts to serve their country.

329 Chair Butler Comments on the revenue impact of the HB 3334-A5 amendment.

CLOSES PUBLIC HEARING FOR HOUSE BILL 3334 A

OPENS PUBLIC HEARING FOR HOUSE BILL 2933 A



355 Martin-Mahar Discusses the HB 2933-A2 amendment (Exhibit 28) which deletes the engrossed bill and eliminates the outstanding personal income tax bill of an Oregon soldier killed while on active duty since Sept. 11, 2001. There have been 41 deaths of Oregon soldiers since that date. Discusses the effect of the amendment (Exhibits 29 and 30).

CLOSES PUBLIC HEARING FOR HOUSE BILL 2933.

398 Chair Butler Adjourns meeting at 4:04 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee  
Coordinator

Exhibit Summary:

1. 1. HB 3143, Staff Measure Summary, Ayala, 1 pg., 05/19/05
2. 2. HB 3143, Testimony, Metcalf, 2 pp., 05/17/05
3. 3. HB 3143, Amendment HB 3143-A9, Leg. Counsel, 2 pp., 05/19/05
4. 4. HB 3143, Testimony, Connolly, 2 pp., 05/19/05
5. 5. HB 3143, Testimony, Rep. Bruun, 1 pg., 05/19/05
6. 6. HB 3143, Testimony, Isselmann, 3 pp., 05/19/05
7. 7. HB 3143, Testimony, Squires, 3 pp., 05/19/05

8. 8. HB 3143, Amendment HB 3143-A7, Leg. Counsel, 1 pg., 05/19/05
9. 9. HB 3143, Amendment HB 3143-A8, Leg. Counsel, 2 pp., 05/19/05
10. 10. HB 3143, Booklet: Enterprise Zones, Fish, 24 pp., 05/19/05
11. 11. HB 3143, Amendment HB 3143-A6, Leg. Counsel, 2 pp., 05/10/05
12. 12. HB 2847, Staff Measure Summary, Martin-Mahar, 2 pp., 05/19/05
13. 13. HB 2847, Amendment HB 2847-A4, Leg. Counsel, 12 pp., 05/19/05
14. 14. HB 2847, Handout: History of Charitable Checkoffs, Martin-Mahar, 1 pg., 05/19/05
15. 15. HB 2847, Handout: Tax Form 40S, Martin-Mahar, 2 pp., 05/19/05
16. 16. HB 2847, Handout: Tax Form 40 S, Buchanan, 4 pp., 05/19/05
17. 17. HB 3333, Staff Measure Summary, Martin-Mahar, 1 pg., 05/19/05
18. 18. HJR 34, Staff Measure Summary, Malik, 1 pg., 05/19/05
19. 19. HJR 34, Amendment HJR 34-A11, Leg. Counsel, 2 pp., 05/09/05
20. 20. HJR 34, Revenue Impact Statement, Malik, 1 pg., 05/19/05
21. 21. HJR 34, E-Mail: HJR 34 Information, Brown, 1 pg., 05/19/05
22. 22. HB 2945, Staff Measure Summary, Ayala, 1 pg., 05/19/05
23. 23. HB 3334, Staff Measure Summary, Ayala, 1 pg., 05/19/05
24. 24. HB 3334, Handout: Summary of Amendments, Ayala, 1 pg., 05/19/05
25. 25. HB 3334, Amendment HB 3334-A5, Leg. Counsel, 4 pp., 05/19/05
26. 26. HB 3334, Amendment HB 3334-A3, Leg. Counsel, 4 pp., 05/16/05
27. 27. HB 3334, Amendment HB 3334-A4, Leg. Counsel, 4 pp., 05/18/05
28. 28. HB 2933, Amendment HB 2933-A2, Leg. Counsel, 2 pp., 05/19/05
29. 29. HB 2933, Staff Measure Summary, Martin-Mahar, 1 pg., 05/19/05
30. 30. HB 2933, Revenue Impact Statement, Martin-Mahar, 1 pg., 05/19/05