

PUBLIC HEARING & WORK SESSION
HB 2927, HJR 34 A, HB 3350 A, HB 3334 A

PUBLIC HEARING

HB 2964

WORK SESSION

HB 2122, HB 3376, HB 3378

TAPES 147-148-149 A-B, 150 A

HOUSE REVENUE COMMITTEE

MAY 6, 2005 1:00 PM STATE CAPITOL BUILDING

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

Member Excused: Rep. Mark Hass

Witnesses Present: John McDonald, Assn. of Oregon Conservation Districts

Larry Ojua, Soil & Water Conservation, Dept. of Agriculture

Rep. Brian Boquist, District 23

Paula Brown, Dept. of Veteran Affairs

Col. Mike Caldwell, Deputy Director, OR National Guard

Jacqueline Zimmer, Dept. of Aging & Disabilities

Amanda Rich, Oregon Recreation & Parks Assn.

Rep. Jeff Kropf, District 17

John Phillips, Dept. of Revenue (DOR)

Debra Buchanan, Dept. of Revenue (DOR)

Rep. Jerry Krummel, District 26

Rep. Chuck Burley, District 54

John Marshall, Oregon School Boards Assn.

Shari Anderson, Treasurer, Clackamas County

Rep. Tom Butler, District 60

Arthur Fish, Oregon Economic & Comm. Development Dept.

Doris Penwell, Assn. of Oregon Counties (AOC)

Brad Higbee, Renewable Northwest Project

Staff Present:

Paul Warner, Legislative Revenue Officer

Mazen Malik, Economist

Lizbeth Martin-Mahar, Economist

Steve Meyer, Economist

Mary Ayala, Economist

Kristi Bowman, Committee Assistant

TAPE 147, SIDE A

002 Chair Butler Calls meeting to order at 1:13 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 2927

015 Mazen Malik Gives overview of HB 2927 (Exhibit 1). The bill allows the board of directors of soil and water conservation districts to issue general obligation bonds if the majority of electors in the district approve.

036 Chair Butler Asks how the districts have previously supported themselves without bonds.

038 Malik Responds that since they are organized districts, they have the ability to levy taxes. The bill defines the bond authority for conservation districts slightly differently than for other districts.

054 John McDonald Testifies in support of HB 2927 and submits written testimony (Exhibit 2). The bill has been reviewed by the House Agriculture Committee. The bill does not have an impact on state funds. Discusses the proposed bond process. Currently the conservation districts do not have the authority to issue bonds, according to Oregon Revised Statute (ORS) 568, and the State Attorney General assured the districts that they needed statute language to allow them to issue bonds.

- 076 Chair Butler Asks how conservation districts previously funded capital equipment.
- 077 McDonald Responds that funding was usually through grants, and only a few districts have vehicles or equipment. Most conservation districts are not capitalized.
- 087 Chair Butler Asks about the mechanics of the bond vote.
- 090 McDonald The bond would only be for certain capital expenditures, not for operating costs. Discussion with Chair Butler on bond issues.
- 108 Larry Ojua Testifies in support of HB 2927 bill because it provides enabling language in ORS 568 to request bonds for capital projects.
- 125 Rep. Boquist Discusses the information discussed on HB 2927 that was heard earlier this session in the Agriculture Committee.
- 135 Malik Clarifies that HB 2927 is enabling language for conservation district bonding authority that is currently in statute.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2927

OPENS WORK SESSION FOR HOUSE BILL 2927

136 Rep. Boquist MOTION: MOVES HB 2927 A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

138 Chair Butler ORDER: MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR HOUSE BILL 2927

OPENS PUBLIC HEARING FOR HJR 34 A

165 Malik Gives overview of HJR 34 (Exhibit 3). This bill proposes an amendment to the Oregon Constitution dedicating a portion of net proceeds of the State Lottery for Oregon veteran services. Discusses amendments HJR 34 A-8, HJR 34 A-9, and HJR 34 A-10 (Exhibits 4,5,6). Discusses the revenue impact statements for the bill and each amendment (Exhibits 7,8,9,10).

336 Rep. Boquist Testifies in support of HJR 34. Comments on the intent of HJR 34 and discusses various programs concerning veterans. Discusses amendment HJR 34 A-8 which fixes the language of the original bill to make it constitutional to change Lottery Fund allotments. Amendment HJR A-9 makes a referral to voters to replace the current funding stream of Lottery funds, and it has the operative language of amendment HJR A-8. Original intent of this amendment was to fund emergency loans and grants to National Guard and reserve soldiers. Discusses constitutional requirements of the legislation. All 36 Oregon counties are impacted by this bill.

TAPE 148, SIDE A

- 030 Paula Brown Comments that the current amount being distributed to most counties is a little over \$10,000 per year.
- 040 Rep. Boquist Continues discussion of HJR 34. Amendment HJR 34 A-9 is the operative amendment. HJR 34 A-10 amendment is the “fiscal reality” and adds specific percentages to the bill.
- 074 Chair Butler Comments that in order to pass out this bill, amendments HJR 34 A-9 and HJR 34 A-10 would have to be adopted. Asks if there is still a portion of HJR 34 that has constitutional issues.
- 075 Rep. Boquist Responds that amendments HJR 34 A-9 and HJR 34 A-10 would satisfy all constitutionality issues, according to Legislative Counsel.
- 081 Rep. Berger Clarifies that the allocation would be a percentage that would hold and the numbers would be amended. Additional clarification by Chair Butler on this issue.
- 088 Brown Testifies in support of HJR 34 because it gives Oregonians an opportunity to vote to allocate lottery dollars for veteran’s benefits. It sends a clear message that Oregonians support their veterans and their families.

- 109 Rep. Berger Asks for definition of veterans for the purpose of HJR 34 and if the definition includes “honorable discharge.”
- 113 Rep. Boquist Responds that the definition of a veteran in Oregon is an individual who has served in military service for 178 days or more. Discusses exceptions to that definition. The definition includes all legal categories of discharge, but does not include dishonorable discharge.
- 145 Rep. Galizio Asks about Rep. Boquist’s comment that the bill is a “pull program.” Comments that it sounds like the bill is a way for the veterans to navigate through the bureaucracy.
- 147 Rep. Boquist Discusses the responsibilities of veteran service officers and the various benefits that veterans are entitled to.
- 173 Rep. Riley Regarding the definition of veteran, clarifies service time of 178 days and not having to serve outside of U.S.
- 175 Rep. Boquist Gives the background of veteran service dates discussed in the House Veterans Committee.
- 194 Rep. Komp Adds that the county veteran service agents help veterans with many benefits, including employment opportunities.

- 200 Chair Butler Asks if veterans will be eligible for federal matching benefits even though the federal definition is different.
- 201 Rep. Boquist Responds that county veteran service agents would give the veteran the entire matrix of benefits available. The service agents match the veteran up with whatever benefit they would be entitled to.
- 250 Col. Mike Caldwell Testifies in support of HJR 34 which would give the people of Oregon the opportunity “to do the right thing.”
- 260 Jacqueline Zimmer Testifies in support of HJR 34. Submits written testimony (Exhibit 11). Comments that several veteran service officers are domiciled in many of her Agency’s buildings. Many times veterans do not know about federal benefits when they come in to the Agency for Aging & Disabilities unless they talk with a veteran service officer. This bill would help increase the staff for veterans service officers and cut down on their case loads.
- 296 Amanda Rich Testifies in opposition to HJR 34. However, the Oregon Recreation and Parks Dept. does support the amendments.

CLOSES PUBLIC HEARING FOR HJR 34

OPENS WORK SESSION FOR HJR 34

- 316 Rep. Komp MOTION: MOVES THE ADOPTION OF THE HJR 34 A-9 AMENDMENT.
- 325 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSEN, RILEY, BERGER, BUTLER. EXCUSED: HASS.
- 328 Rep. Komp MOTION: MOVES THE ADOPTION OF THE HJR 34 A-10 AMENDMENT.
- 336 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSEN, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR HJR 34 A

OPENS PUBLIC HEARING FOR HOUSE BILL 3334 A

- 360 Rep. Jeff Kropf Testifies in support of HB 3334 A and submits written testimony (Exhibit 12) on the main points of bill. The bill proposes a \$1000 property tax exemption for Oregon National Guard or reserve soldiers. "It is morally correct and is the right thing to do." It does not have much of an impact on the local level.
- 410 Rep. Boquist

Discusses HB 3334 A-2 amendment (Exhibit 13) that brings the bill in line with the 178-day requirement for Oregon veterans. The bill is designed for soldiers who are deployed currently and would benefit about 1000 soldiers from Oregon.

TAPE 147, SIDE B

- 030 Rep. Kropf Relates anecdotal story about a widow of a veteran who will benefit from this bill.
- 056 Caldwell Testifies in support of HB 3334 A because it would add a good deal of support for Oregon National Guard and reservists who are called to active duty.
- 061 John Phillips Comments that the Dept. of Revenue (DOR) is concerned about certain definitions in bill. Expresses concern that the language needs to be consistent for existing property tax exemption. Submits written testimony (Exhibit 18).
- 072 Rep. Boquist Comments that the language in the HB 3334-1 amendment is compatible with the bill.

CLOSES PUBLIC HEARING FOR HOUSE BILL 3334 A

OPENS WORK SESSION FOR HOUSE BILL 3334 A

087 Rep. Komp MOTION: MOVES THE ADOPTION OF THE HB 3334 A-2 AMENDMENT.

099 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

105 Chair Butler Calls AT EASE at 2:15 p.m.

106 Chair Butler Calls meeting to order at 2:17 p.m.

CLOSES WORK SESSION FOR HOUSE BILL 3334 A

OPENS WORK SESSION FOR HOUSE BILL 3378

111 Lizbeth Martin-Mahar Gives overview of HB 3378 (Exhibit 19) which creates a new business tax credit for the costs incurred by the taxpayer for home purchases. Discusses amendment HB 3378-1 (Exhibit 20) which defines the eligibility of an employee as a first-time homeowner. First-time homebuyers represent 20% of total homebuyers according to 2002 American Housing Survey data. If every eligible employer contributed, there would be an impact of \$23 M.

- 212 Rep. Jerry Krummel Discusses the HB 3378-1 amendment that he prepared. Suggests an amount of \$60,000 to insert on line 7. The amendment addresses issues such as eligibility of employee, eligibility of family members in a business, and the discrimination issue of annual salary. The home must be owner-occupied and must be located in Oregon. Discusses additional issues of concern from the Dept. of Revenue: 1) dependent issue, 2) annual income limits pertaining to a one or two income family, 3) three-year residency requirement, 4) certification process, 5) tax assessment. Comments that this bill is good public policy.
- 347 Rep. Riley Asks Rep. Krummel if there is a sunset provision in this bill. Expresses concern about the state going through an employer for first-time homebuyer assistance instead of giving the assistance directly to the homebuyer.
- 362 Rep. Krummel Responds that there is no sunset date in the bill. Regarding the employer issue, the employer has already become a conduit for regulations and benefits such as health insurance. Providing homeowner assistance is a benefit that an employer can offer and can use as recruitment tool. It is optional program for an employer.
- 388 Chair Butler Comments that the Revenue Committee has seen many bills this session similar to this bill involving the Housing Authority.
- 398 Rep. Krummel Responds that the goal of HB 3378 is to increase home ownership.
- 405 Chair Butler Expresses concern about employer responsibilities in this program as well as the impact on the Dept. of Revenue (DOR).

TAPE 148, SIDE B

- 014 Debra Buchanan Addresses concerns raised by Committee members:
- • Dependent issues
 - • Income eligibility
 - • Three-year residency requirement
 - • Fiscal impacts on DOR regarding certification process

CLOSES WORK SESSION ON HOUSE BILL 3378

- 074 Chair Butler Calls AT EASE at 2:42 p.m.

- 077 Chair Butler Calls meeting to order at 2:52 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 2964

- 078 Rep. Chuck Burley Discusses HB 2964 and submits handout (Exhibit 21) on estimated calculations for different types of school districts. Discusses HB 2964-1 amendment (Exhibit 22) that removes all referrals to Urban Renewal Zones and changes exception value to growth value.

- 111 Chair Butler Discussion with Rep. Burley on his handout and the amendment.

- 174 Rep. Esquivel Asks why this program would be used with school districts with declining populations.
- 185 Rep. Burley Responds that there are some anomalies in the state, e.g., the Medford area, regarding increased population growth but declining school enrollment. Comments on options discussed by supporters to address this issue.
- 190 Rep. Esquivel Discussion with Rep. Burley on crafting a program that would address the needs of districts with increasing population and student enrollment.
- 218 Rep. Komp Discussion with Rep. Burley about revenue impacts for all districts.
- 251 Steve Meyer Discusses how the bill addresses growth figures and revenue impacts. Discusses changes to the School Equalization Formula (Exhibits 23 and 24).
- 291 Chair Butler Discusses issue that assessors don't maintain tax rolls on properties that come from exception values. Discussion with Meyer and Rep. Burley on assessment issues and impacts on assessors.
- 330 John Marshall Testifies that he doesn't want to undermine efforts to help districts with construction. Expresses concerns about: 1) the shift of property tax revenue, 2) the assumption that the greatest capital needs are in the high-growth districts, and 3) the timing of revenue expectations by districts.

423 Rep. Esquivel Discussion with Marshall about various voter responses to bond requests.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2964

OPENS WORK SESSION FOR HOUSE BILL 2122

TAPE 149, SIDE A

040 Mary Ayala Discusses HB 2122-1 amendment (Exhibit 25). Comments that there are still two blank sections in the bill where amounts will be inserted when the Dept. of Forestry has received its final May numbers.

050 Rep. Berger Clarifies that those numbers would be filled in by the budget process, not by the Committee.

061 Rep. Boquist MOTION: MOVES THE ADOPTION OF THE HB 2122-1 AMENDMENT.

064 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

069 Chair Butler REP. BOQUIST MOVES HB 2122 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND REQUESTS THAT THE BILL BE REFERRED TO THE HOUSE BUDGET COMMITTEE.

072 Rep. Boquist Comments that this bill came from the House Agriculture Committee, and the bill is friendly to all parties involved.

083 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR HOUSE BILL 2122

OPENS WORK SESSION FOR HOUSE BILL 3376

098 Paul Warner Gives background of bill and refers to the HB 3376-1 amendment (Exhibit 28).

102 Shari Anderson Testifies in support of the amendment for HB 3376 and submits written testimony (Exhibit 29). Discusses main points of amendment:

1) to collateralize county treasurers 102% of average daily balance; 2) an opt-out provision; 3) bank closure protections.

175 Chair Butler Discussion with Anderson about the work group that collaborated on the drafting of the amendments.

CLOSES WORK SESSION FOR HOUSE BILL 3376

OPENS PUBLIC HEARING FOR HOUSE BILL 3350

198 Rep. Tom Butler Testifies in support of HB 3350. This bill attempts to attract new business to Oregon and has no fiscal impact. Discusses program criteria. Refers to handout: Cities Impacted by Business Development Income Exemption (Exhibit 30). Discusses following issues with Rep. Berger:

- • Five year limit
- • Whether an employer can bring in employees or must hire locally; accountability tracking of employees by the Oregon Economic and Community Development Dept.

TAPE 150, SIDE A

035 Rep. Butler • • Definition of “new” business

069 Rep. Boquist Asks about the mechanics of the application process.

- 078 Rep. Butler Responds that businesses must re-apply every year in order to stay in the program. Discussion with Rep. Boquist on eligibility criteria.
- 150 Arthur Fish Testifies in support of HB 3350 and submits handout: Taxable Income Exemption (Exhibit 31). This bill will allow the state to provide a greater opportunity to attract new businesses. Supports amendment HB 3350 A-4.
- 173 Doris Penwell Discusses HB 3350 A-4 amendment (Exhibit 32). It is a housekeeping amendment. The bill was originally amended in the Trade and Economic Development Committee.
- 200 Brad Higbee Testifies in support of HB 3350. Discusses the background of Rural Renewable Energy Development Zones (RREDZs). The HB 3350 A-4 amendment addresses the concerns expressed by developers and counties.

CLOSES PUBLIC HEARING FOR HOUSE BILL 3350

OPENS WORK SESSION FOR HOUSE BILL 3350

- 237 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 3350 A-4 AMENDMENT.

- 241 Chair Butler

ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

244 Chair Butler REPRESENTATIVE RILEY MAKES A MOTION THAT HOUSE BILL 3350 A-4 MOVES TO THE HOUSE FLOOR WITH A DO-PASS RECOMMENDATION.

248 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR HOUSE BILL 3350

256 Chair Butler Adjourns meeting at 3:50 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

- 1. HB 2927, Staff Measure Summary, Malik, 1 pg., 05/06/05
- 2. HB 2927, Testimony, McDonald, 1 pg., 05/06/05
- 3. HJR 34, Staff Measure Summary, Malik, 1 pg., 05/06/05
- 4. HJR 34, HJR 34 A-8 amendment, Leg. Counsel, 1 pg., 05/03/05
- 5. HJR 34, HJR 34 A-9 amendment, Leg. Counsel, 2 pp., 05/03/05
- 6. HJR 34, HJR 34 A-10 amendment, Leg. Counsel, 1 pg., 05/03/05
- 7. HJR 34, Revenue Impact Statement HJR 34 A, Malik, 1 pg., 05/06/05
- 8. HJR 34, Revenue Impact Statement HJR 34 A-8, Malik, 1 pg., 05/06/05
- 9. HJR 34, Revenue Impact Statement HJR 34 A-9, Malik, 1 pg., 05/06/05
- 10. HJR 34, Revenue Impact Statement HJR 34 A-10, Malik, 1 pg., 05/06/05
- 11. HJR 34, Handout: HB 2700, Zimmer, 5 pp., 05/06/05
- 12. HB 3334, Testimony, Rep. Kropf, 1 pg., 05/06/05
- 13. HB 3334, HB 3334-2 amendment, Leg. Counsel, 1 pg., 04/27/05
- 14. HB 3334, Staff Measure Summary HB 3334 A, Ayala, 1 pg., 05/06/05
- 15. HB 3334, Revenue Impact Statement, HB 3334 A, Ayala, 1 pg., 05/06/05
- 16. HB 3334, Staff Measure Summary, HB 3334 A-2, Ayala, 1 pg., 05/06/05
- 17. HB 3334, Revenue Impact Statement, HB 3334 A-2, Ayala, 1 pg., 05/06/05
- 18. HB 3334, Testimony, Phillips, 1 pg., 05/06/05
- 19. HB 3378, Staff Measure Summary, Martin-Mahar, 1 pg., 05/05/05
- 20. HB 3378, HB 3378-1 Amendment, Leg. Counsel, 2 pp., 05/05/05
- 21. HB 2964, Handout: Draft Calculations, Rep. Burley, 3 pp., 05/03/05
- 22. HB 2964, HB 2964-1 amendment, Leg. Counsel, 7 pp., 05/03/05
- 23. HB 2964, Staff Measure Summary, Meyer, 1 pg., 05/06/05
- 24. HB 2964, Revenue Impact Statement, Meyer, 1 pg., 05/06/05
- 25. HB 2122, HB 2122-1 amendment, Leg. Counsel, 1 pg., 05/05/05
- 26. HB 2122, Staff Measure Summary, Ayala, 2 pp., 05/05/05
- 27. HB 2122, Revenue Impact Statement, Ayala, 1 pg., 05/05/05
- 28. HB 3376, HB 3376-1 amendment, Leg. Counsel, 17 pp., 05/02/05
- 29. HB 3376, Testimony, Anderson, 3 pp., 05/06/05
- 30. HB 3350, Handout: Cities Impacted by Exemption, Butler, 4 pp., 05/06/05
- 31. HB 3350, Handout: Taxable Income Exemption, Fish, 4 pp., 05/06/05
- 32. HB 3350, HB 3350 A-4 amendment, Leg. Counsel, 1 pg., 05/11/05
- 33. HB 3350, Handout (no title), Butler, 4 pp., 05/06/05