

## CONFERENCE COMMITTEE ON HB 3143

July 19, 2005 Hearing Room D  
8:00 A.M. Tapes 1 - 2

**MEMBERS PRESENT:**        **Rep. John Lim, Chair**  
                                     **Sen. Betsy Johnson**  
                                     **Sen. Rick Metsger**  
                                     **Rep. Mike Schaufler**  
                                     **Rep. Greg Smith**  
                                     **Sen. Ben Westlund**

**STAFF PRESENT:**        **Janet Adkins, Committee Administrator**  
                                     **Erin Seiler, Committee Assistant**

**MEASURES/ISSUES HEARD:**  
                                     **HB 3143C – Work Session**

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 1, A</b>		
001	Chair Lim	Opens the meeting at 8:10 a.m. Opens a work session on HB 3143C.
<b><u>HB 3143C - WORK SESSION</u></b>		
007	Janet Adkins	Committee Administrator. Presents an overview of HB 3143C. Submits and summarizes -C15 amendments ( <b>EXHIBIT A</b> ). Submits and summarizes - C16 amendments ( <b>EXHIBIT B</b> ). Submits and summarizes -C17 amendments ( <b>EXHIBIT C</b> ).
031	Adkins	Submits revenue statement related to –C15 amendments ( <b>EXHIBIT D</b> ).
037	Mary Ayala	Economist, Legislative Revenue Office. Summarizes revenue impact of –C17 amendments and –C15 amendments.
057	Sen. Floyd Prozanski	Senate District 4. Testifies in support of -C15 amendments. Discusses the situation of Murphy Supply Wood Company. Submits and summarizes written testimony of the Douglas County Board of Commissioners in support of –C15 amendments to HB 3143C ( <b>EXHIBIT E</b> ).
072	Sen. Prozanski	Explains how removing the property tax obligation will enable the company to rebuild the mill that was destroyed by a fire.
093	Steve Vincent	Representative, Avista Utilities Corporation. Explains situation of Murphy Wood and that forgiveness of taxes adds a component of good faith and encourages the company to rebuild.
115	Rep. G. Smith	Praises Steve Vincent for efforts to bring economic development to the state.
121	Chair Lim	Asks how much back taxes are owed by the company.
123	Vincent	States that the company owes \$70,000 dollars in property taxes.
140	Chair Lim	Asks if the company has made the decision to rebuild the mill.
145	Vincent	Addresses current negotiations with the company regarding intent to rebuild the mill.
160	Chair Lim`	Questions why the taxes for the company should be forgiven if there is no commitment to rebuild the mill.

165	Vincent	Speaks to the need to trust that the company will rebuild because the economy in Sutherland cannot afford to lose the jobs at the mill.
170	Chair Lim	Verifies that this is the first time that back taxes would be forgiven because of catastrophic loss of business.
175	Chair Lim	Questions whether establishing a precedence of tax forgiveness is a wise policy decision, asking what the repercussions are to the state.
180	Vincent	Points out that –C15 amendments are narrowly crafted, yet acknowledges that in the case of another catastrophic event, similar latitude could be asked for again.
185	Rep. Schaufler	Comments on the repercussions if the mill does not rebuild and return the jobs to the community.
<b>195</b>	<b>Rep. Schaufler</b>	<b>MOTION: Moves to ADOPT HB 3143C-C15 amendments dated 07/14/05.</b>
<b>200</b>		<b>VOTE: 6-0-0</b>
	<b>Chair Lim</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
206	Rep. G. Smith	Summarizes the contents of –C16 amendments.
234	Sen. Johnson	Citing –C16 amendments, questions the amount of flexibility of the Oregon Economic and Community Development Department (OECDD), if the department is required to grant a port an enterprise zone upon completion of the application.
244	Sen. Johnson	States concern regarding the lack of consideration for the financial and administrative capabilities of a port to manage an enterprise zone, questioning whether the proposal is too broad.
257	Rep. G. Smith	Comments on the ability of OECDD to use departmental discretion to determine whether it is appropriate for a port to be an enterprise zone.
270	Arthur Fish	Business Incentives Coordinator, OECDD. Confirms that OECDD would be obligated to allow a port to join an existing enterprise zone. Explains why OECDD does not have a problem allowing a port to become a co-sponsor in a zone.
301	Rep. G. Smith	Clarifies that the intent of –C16 amendments is to allow a port, located in part or in whole in an enterprise zone, to be a co-sponsor.
305	Sen. Johnson	States that the intent is to allow a port to act unilaterally.
315	Fish	States that the word “shall” is appropriate language to allow a port to join as a sponsor of an existing zone.
323	Sen. Johnson	Questions the ability of OECDD to deny an application by a port, if a city or county should not want to include it.
336	Fish	Identifies the language in –C16 amendments requiring the establishing body to consent to the inclusion of the port.
343	Fish	Points out language in –C16 amendments in conflict with language in HB 2234C.
375	Fish	Comments on the additional conflict language in–C16 amendments.
400	Sen. Metsger	Asks what qualifies a port to be designated an enterprise zone and if there will be any port excluded because of geographic location.
415	Fish	Explains why any existing port could seek designation as enterprise zone.
<b>TAPE 2, A</b>		
014	Sen. Metsger	In reference to the Port of Portland, asks who receives the

		property taxes on port property.
019	Fish	Explains the distribution of property taxes on land owned by the Port of Portland.
028	Sen. Metsger	Questions the ability of the Port of Portland to apply for a new enterprise zone without consent of Multnomah County or City of Portland, even though the city and county would be subject to the loss of taxes.
045	Fish	Verifies that it is possible for the Port of Portland to seek a new enterprise zone without consent.
054	Rep. G. Smith	Asks that the qualifications for an enterprise zone be explained.
058	Fish	Addresses the economic hardship criteria that an area must meet prior to applying for an enterprise zone.
067	Sen. Westlund	Asks whether OECDD would be statutorily obligated to approve any completed electronic commerce zone application.
077	Fish	Affirms that OECDD would be obligated to designate the enterprise zone as an e-commerce zone if the area meets the established criteria and the application is complete.
084	Sen. Westlund	Asks a basic explanation of the electronic commerce zone program and rationale for limiting the number to six.
088	Fish	Explains the electronic commerce zone program.
112	Sen. Johnson	Comments that limiting the number of electronic commerce zones would help focus business in specific places and that unbridled proliferation of zones would result in a loss of strategic value.
125	Fish	Agrees that the electronic commerce zone would lose value if the number were not restricted, pointing out that allowing an unlimited number of zones would have significant revenue repercussions for the state.
135	Sen. Johnson	Questions if allowing an unlimited number of zones is self-defeating when the state is trying to incent development in certain places and achieve certain economic goals.
145	Fish	Discusses why the enterprise zone program is not oversubscribed or likely to become oversubscribed with the creation of additional zones.
156	Rep. Schaufler	Verifies that to apply for an electronic commerce zone, an area must be within an enterprise zone that has met economic hardship qualifications.
170	Adkins	Asks what language OECDD would like to add to –C16 amendments.
178	Fish	Explains that there is additional technical information that OECDD would like to have in –C16 amendments for the purpose of clarifying administrative responsibilities.
184	Rep. G. Smith	Addresses concern with the inclusion of the conflict language relating to electronic commerce zones.
200	Sen. Johnson	Points out the need to establish consistency between both bills.
210	Chair Lim	Comments on the limitations that exist on the number of enterprise zones and subsequent number of electronic commerce zones.
220	Ken Armstrong	Representative, Oregon Ports Group. Discusses why the Oregon Ports Group supports –C16 amendments and that a port could not unilaterally decide to establish an enterprise zone without the consent and concurrence of the city and county.
235	Sen. Metsger	Citing language from –C16 amendments continues to question whether a port would be able to seek a zone without the consent

		of a city or county.
240	Armstrong	Points out the language that requires consent when there is jurisdictional overlap.
250	Chair Lim	Confirms that only public ports can apply for enterprise zone.
255	Sen. Westlund	Asks for clarification regarding whether the intent is for the ports, not in an incorporated area, to apply for a new enterprise zone without consent of other jurisdictions.
270	Fish	Addresses the ability of a port to apply for co-sponsorship in an existing zone and apply for designation of a new enterprise zone in unincorporated areas.
285	Sen. Johnson	Asks why co-sponsorship is advantageous for to a port.
288	Fish	Explains that co-sponsorship would allow a port to play a larger role in economic development.
302	Sen. Metsger	Suggests eliminating conflict language from –C16 amendments and consulting with representatives from the cities and counties.
320	Rep. G. Smith	Agrees with the need to communicate with the cities and counties before moving forward.
325	Chair Lim	Asks how many public ports there are in the state.
326	Armstrong	Identifies 23 public ports in Oregon.
330	Chair Lim	Comments why there needs to be a limit on the number of designation available to ports.
340	Armstrong	Explains why of the 23 public ports “very few are going to be interested in pursuing this as a tool.” Noting that there should not be any limitations placed on ports that do not exist for cities or counties.
355	Sen. Johnson	Questions, if few ports are likely to utilize this tool, why not limit the number available for designation.
358	Armstrong	States that an arbitrary restriction of one a year does not make sense.
365	Sen. Johnson	Suggests establishing a pilot project in order to determine how many ports are really going to be interested in taking advantage of this program.
375	Armstrong	Suggests that limitation should be three.
385	Sen. Johnson	Asks if the existing criteria established by OECDD, for approving enterprise zones is appropriate to apply to ports.
390	Fish	Speaks to existing statutory criteria and the need for clarity in the language in order to ensure that all governmental entities are working together.
420	Sen. Johnson	Asks if OECDD would provide a statewide map of all the current locations.
<b>TAPE 1, B</b>		
005	Chair Lim	Speaks to the need for further discussion on the issue.
014	Chair Lim	Closes the work session on HB 3143C. Adjourns the meeting at 9:10 a.m.

## **EXHIBIT SUMMARY**

- A. **HB 3143C, -C15 amendments, staff, 1 p**
- B. **HB 3143C, -C16 amendments, staff, 15 pp**
- C. **HB 3143C, -C17 amendments, staff, 3 pp**
- D. **HB 3143C, revenue statement, staff, 1 p**
- E. **HB 3143C, written testimony, Sen. Floyd Prozanski, 1 p**