

**SENATE REVENUE COMMITTEE**  
**MARCH 15, 2005 8:30 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Gary George  
Senator Rick Metsger  
Senator Floyd Prozanski  
Senator Charles Starr, Vice Chair

Witnesses Present: Dennis Mulvihill Washington County  
Tom Linhares, Multnomah County Tax Supervising and  
Conservation Commission  
Marge Kafoury, City of Portland  
Gerald Kubiak, Washington County public affairs staff  
Ross Schultz, City of Sherwood

Staff Present: Paul Warner, Legislative Revenue Officer  
Mary Ayala, Economist  
Lizbeth Martin-Mahar, Economist  
Mazen Malik, Economist  
Barbara Guardino, Committee Assistant

**TAPE 67, SIDE A**

005 Chair Deckert Calls meeting to order at 8:40 a.m. Opens work session on SB 32, the companion bill to the compliance and amnesty bill that allows the Dept. of Revenue to waive tax penalties.

**WORK SESSION, SB 32**

010 Sen. George **MOTION: MOVES SB 32 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**

012 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.**  
**VOTE: 4-0-1**  
**MEMBERS VOTING AYE: GEORGE, PROZANSKI, C. STARR, CHAIR DECKERT**  
**MEMBERS EXCUSED: METSGER**

**WORK SESSION, SB 840**

026 Mazen Malik Provides overview of SB 840. Allows wine manufacturers who did not owe privilege tax the past year and don't expect to owe one for the coming to year to file annual reports instead of monthly.

043 Malik Explains SB 840-1 amendments (**EXHIBIT 1**). Changes fiscal year to calendar year.

068 Vice Chair C. Starr **MOTION: MOVES ADOPTION OF 840-1.**

070 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS**

**VOTE: 5-0-0**

**MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, CHAIR DECKERT**

074 Vice Chair C. Starr **MOTION: MOVES SB 840 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION**

076 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS VOTE: 5-0-0**

**PUBLIC HEARING, SB 899**

080 Mary Ayala Gives overview of SB 899. See Staff Measure Summary (**EXHIBIT 2**). Expands from 500,000 to 600,000 the population level above which a county must create a Tax Supervising and Conservation Commission (TSCC) if it does not have a county clerk. Gives background.

099 Chair Deckert Asks why it is necessary to have a commission.

108 Dennis Mulvihill Responds, because it is the law. Testifies in favor of SB 899. See written testimony: Request for Support, a letter from Tom Brian, chairman of Washington County Board of Commissioners (**EXHIBIT 3**), amendments (**EXHIBIT 4**) and letters from various jurisdictions in support of amended bill (**EXHIBITS 5, 6 and 7**).

125 Sen. Prozanski Asks for clarification in regard to counties that already have the requirement. Will they be allowed reconsideration?

132 Mulvihill Multnomah County would be required to have a supervising commission. Any county that reaches 500,000 after July 1, 2005 would not be required to have one unless it wanted one.

142 Sen. Prozanski Asks why set up a double standard?

149 Mulvihill Multnomah County has not yet decided to change the bill, although Washington County would welcome it. SB 899 as written corrects an oversight in Oregon's budget law.

173 Mulvihill Gives history of Multnomah County's TSCC. Commission was created 86 years ago. Contends the law is "archaic and contrary to the public's expectations of efficient government."

205 Mulvihill Concludes, there's no problem, and it seems arbitrary to create this commission just because a jurisdiction reaches 500,000 people.

214 Chair Deckert Agrees with Sen. Prozanski. Would move this amendment, but is curious why Multnomah County needs this commission. Would entertain an amendment to undo the whole program.

230 Tom Linhares Testifies in favor of bill. Explains function of the Multnomah County Tax Supervising and Conservation Commission and the reasoning behind its creation in 1919. There's a lot of interconnectedness in budgetary issues. TSCC reviews budgets of the 37 taxing districts and if levies are in excess of the law, it orders them to reduce it. They hold public hearings on proposed taxing levies.

275	Linhares	TSCC acts as the eyes of the citizens in tax levies. Commission has 5 volunteer positions and 3 staff people including himself, the director. The law says the county has to fund the commission up to a maximum of \$280,000.
311	Sen. Metsger	Asks what is TSCC's budget.
315	Linhares	Anticipates, TSCC will spend \$250,000 this year.
319	Sen. Metsger	Asks Mr. Mulvihill how Washington County meets its responsibility to its citizens in relation to its taxing districts.
332	Mulvihill	Explains, Washington County follows Oregon budget law and has an auditor and a citizens' budget committee.
360	Sen. Metsger	Asks questions concerning whether the two county commissions duplicate each other.
381	Linhares	Responds, Washington County auditor audits Washington and Multnomah counties' functions. TSCC looks at all taxing districts.
415	Marge Kafoury	City of Portland has an elected auditor. His budget is about \$1 million per year. Can get the exact figure.
444	Sen. Prozanski	Asks, how many taxing districts are in Washington County.
451	Gerald Kubiak	Responds, there are 25-30 taxing districts in Washington County.
474	Sen. Prozanski	It appears this is backwards. Commissions should be in place for smaller counties, not the larger ones. Does not buy the argument that there's more need for oversight in a larger community. Suggests giving Multnomah County the option of rethinking whether it needs this overlay. Is not comfortable setting up a dual system.

**TAPE 68, SIDE A**

033	Sen. George	Refers to City of Tigard letter ( <b>EXHIBIT 6</b> ) from Mayor Craig E. Dirksen, paragraph 5. Are the commission's meetings open to the public?
044	Linhares	Responds, they are all open to the public.
054	Vice Chair. C. Starr	Does not favor setting up a dual standard. Taxing districts are an open process and their work is audited. Multnomah County needs to decide if it wants to continue this process and free up other counties to do likewise.
065	Chair Deckert	Concurs with Vice Chair Starr. Requests an amendment to undo the entire state law. Would like to talk to someone from Multnomah County whether there is a need for this commission with all the existing auditing staff.
079	Sen. George	Would like to eliminate a governor appointee.
089	Linhares	The reason for gubernatorial appointees is independence.

103	Chair Deckert	Senses committee is leaning toward getting rid of the law altogether.
115	Kafoury	Makes correction to earlier response. City of Portland has a \$7.5 million budget and 66 auditors.
125	Ross Schultz	Testifies in support of SB 899. Favors disbanding TSCC requirement. During several years of attending TSCC public meetings not one citizen ever attended. The TSCC funded at \$280,000 will review over 150 funds, try to understand them and help those municipalities, all in a two-month period. Staff doesn't need another set of rules. TSCC does not add value to the local citizens.
180	Schultz	Concludes, the TSCC law was written in 1919, and the technology has changed.
195	Chair Deckert	Expresses support of SB 899. Asks for an amendment to disband the TSCC. Closes public hearing at 8:23 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 840, Proposed -1 amendments, 3/9/05, Malik, 1 pp.
2. SB 899, Staff Measure Summary, 3/15/05, Ayala, 1 pp.
3. SB 899, letter of testimony from Tom Brian, Washington County, RE: Request for Support, 3/15/05, Mulvihill, 2 pp.
4. SB 899, Washington County Amendments Senate Bill 899, 3/15/05, Mulvihill, 1 pp.
5. SB 899, letter of testimony from BJ Smith, Clackamas County, RE: Request for Support, 3/15/05, 2 pp.
6. SB 899, letter of testimony from Craig E. Dirksen, City of Tigard, RE: Request for Support, 1 pp.
7. SB 899, letter of testimony from Tom Hughes, City of Hillsboro, 1 pp.