

**HOUSE REVENUE COMMITTEE**  
**FEBRUARY 27, 2003 8:30 AM STATE CAPITOL BUILDING**

Members Present: Representative Lane Shetterly, Chair  
Representative Wayne Scott, Vice Chair  
Representative Joanne Verger, Vice Chair  
Representative Phil Barnhart  
Representative Vicki Berger  
Representative Pat Farr  
Representative Mark Hass  
Representative Elaine Hopson  
Representative Max Williams

Witness Present: John Phillips, Department of Revenue  
Jeff Tashman, Association of Oregon Redevelopment Agencies, (AORA)  
Affiliate of League of Oregon Cities  
John Russell, AORA  
City of Salem  
Pat Simpson, Bandon resident

Staff Present: Paul Warner, Legislative Revenue Officer  
Mazen Malik, Legislative Revenue Office  
Kathy Tooley, Committee Assistant

**TAPE 59, SIDE A**

004 Chair Shetterly Calls meeting to order at 8:37 a.m.

**OPENED PUBLIC HEARING ON HB 2187**

013 Mazen Malik Presented description and background for HB 2187, (Exhibit 1). Described affects of Measure 50, Measure 5 limits and the Shilo Inn Supreme Court decision. Discussed "Division of Tax Pre-Shilo", (Exhibit 2), "And Compress Taxes Post Shilo", (Exhibit 3).

190 John Phillips Presented an overview of HB 2187 and history of the bill, "Urban Renewal and the Shilo Inn Decision", (Exhibit 4), and Administrative Rule X, (Exhibit 5). The bill does three things:

225 Phillips

- Requires compression be prioritized for any increment revenues that are derived from local option authority.
- Requiring any tax revenues from both local option and bonds be moved into the general government category.
- Repeals the statute that was declared unconstitutional.

240 Phillips Discussion of the Shilo Inn decision.

283 Rep. Barnhart In "Pre-Shilo" (Example Page 2, Exhibit 4), the government portion of tax is not listed and appears there is collection of a larger dollar value of taxes overall in "Post-Shilo".

320 Phillips It is a simplified example and not necessarily typical, describing other possible categories. The "Post-Shilo" method could rise more or less depending on the compression situation on each account.

335 Questions and discussion regarding accounts basis interpretation required by Measure 5.

325 Scott Questions and discussion regarding account basis.

355 Chair Compression is determined on an account by account basis. The effect of the post Shilo calculation will be different based on compression. That will vary account by account?

366 Phillips Answered affirmatively.

380 Scott Does compression occur based on the differential between real vs. market value?

384 Phillips Answered affirmatively.

395 Phillips Continued description of Administrative Rule (Page 3, Exhibit 4). The rule is not wholly made up of changes from the Shilo Inn decision.

**TAPE 60, SIDE A**

016 Barnhart Is there anything in the rule, not dictated by Shiloh case?

020 Phillips Does not believe so, it is arguable whether prioritization and compression may not follow through in the local option.

022 Chair Shetterly Is that the language on Page 2, Exhibit 5?

024 Phillips Answered affirmatively, language is based on legal advice from the Attorney General's Office and Legislative Counsel's Office.

025 Rep. Barnhart This doesn't address the Shilo case. It's the best guess by legal counsel of what the court would uphold in the event of another case?

029 Phillips Answered affirmatively.

029 Verger What were the three options for those areas with urban renewal districts?

032 Phillips Applies to a number of circumstances this is not one of them. Discussed two of the options from 1998, different from the "local option".

043 Chair Shetterly This is different from local option?

046 Phillips Answered affirmatively.

048 Jeff Tashman Spoke in favor of HB 2187, (Exhibit 6).

085 Tashman Presented overview of urban renewal as a tool to promote economic vitality and jobs in a community, (Exhibit 7).

128 Tashman Discussed long-term and short-term benefits to taxing districts financed by property taxes.

195 Tashman Discussed examples of new and recent new urban renewal projects and revenue benefits.

219 Chair Shetterly Asked his response to elements of HB 2187 and the Shiloh Inn decision in the event of another case.

225	Tashman	Would argue against the interpretation in the decision. Has not requested an amendment, because overall urban renewal's treatment in the bill seems fair.
242	John Russell	Discussed the success of the Fairview Urban Renewal Project.
270	Russell	Discussed talks with City of Salem and Department of Administrative Services, (DAS), regarding Mill Creek Urban Renewal development of surplus land in Salem.
297	Rep. Hass	What was the property that was sold last year in that area?
299	Russell	DPST, a police training center adjacent to this property.
302		Questions and discussion regarding the Fairview Industrial Park.
340	Rep. Berger	Discussed recent meeting she attended regarding Mill Creek Project and its readiness for development.
370	Chair Shetterly	Explained scope and context the hearing on HB 2187.
380	Pat Simpson	Private citizen, spoke in opposition to HB 2187, citing need for time limitations on how long a project can be considered an urban renewal district and not be required to pay taxes for public services, (Exhibit 8).

**TAPE 59, SIDE B**

020		Discussion regarding Canby Urban Renewal area.
080	Simpson	Discussed purpose of HB 2187 to show what urban renewal costs a taxpayer.
167	Simpson	Described HB 2187 as a policy change and does not address the Shilo implementation. Issue with HB 2187, is the bill does not answer who pays.
200	Simpson	Concerned urban renewal is difficult to understand, implement, and modify. Discussed Urban Renewal recommendations. <ul style="list-style-type: none"> <li>• No new urban renewals projects</li> <li>• No new debt for current urban renewal.</li> <li>• Replace with local renewal projects that the city votes on and is able to tax.</li> </ul>
278	Rep. Verger	It's in the OARs now that when the urban renewal district goes out of debt they go away. Are there any that went out of debt, but did not go away?
290	Simpson	Bandon's Urban Renewal District went out of debt, but did not go away.
365	Simpson	The bill should be modified to indicate who pays in the bill. The Legislature should make the policy decision and it should be in the ORS.
389	Shetterly	Clarifies, you are not so much opposed to HB 2187, you feel this is an invitation to make the policy changes you are advocating and it should go further than it does?
390	Rep. Simpson	Policy decisions should be made by legislators, not by administrators and it should be in the ORS. Should be able to look at the tax bill and understand what the amount of taxes going to each fund.
	Chair Shetterly	Closed public hearing on HB 2187.

043 Chair Shetterly

**MOTION: MOVES INTRODUCTION OF LC 2197 and LC 3295 AS COMMITTEE BILLS.**

**ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. Members Present: Chair Shetterly, Verger, Scott, Berger, Farr, Hass, Hopson, Williams. EXCUSED: Barnhart.**

Clarifies the bill is entered as a Committee Bill, but does not indicate support or opposition by the members of the Committee.

Meeting adjourned at 10:03 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Malik, "Staff Measure Summary HB 2187, 1 page
2. Malik, "Division of Tax Pre Shilo", 1 page
3. Malik, "And Compress Tax Post Shilo", 1 page
4. Phillips, "HB 2187: Urban Renewal and the Shilo Inn Decision", 6 pages
5. Phillips, "Administrative Rule Review OAR 150-457.440(9) 8 pages
6. Tashman, "Testimony HB 2187", 4 pages
7. Tashman, "Urban Renewal in Oregon", 63 pages
8. Simpson, "Urban Renewal – Shilo Inn Implementation", 1 page
9. Shetterly, "LC 2197", 2 pages
10. Shetterly, "LC 3295", 1 page