

HOUSE REVENUE COMMITTEE
MARCH 17, 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: Senator Ken Messerle, District 5
Representative Joanne Verger, District 9
Gary Letellier, Coos County Aviation District
Daren Griffin, Oregon Department of Aviation
Dave Tyler, Oregon Department of Transportation
Doug Goe, Partner, Orrick, Harrington

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

TAPE 83, SIDE A

004 Chair Shetterly Calls meeting to order at 8:35 a.m.

PUBLIC HEARING 2454-A

010 Mazen Malik Provided background and description of HB 2454-A, with no revenue impact, (Exhibit 1, Exhibit 2).

035 Rep. Verger Provided description and background of HB 2454-A. Emphasized that the airport district property is "within or contiguous to the airport property".

050 Sen. Messerle Spoke in support of HB 2454-A, which redefines who maintains the exemption. Discussed importance to local economy and infrastructure that airport is maintained.

099 Gary Letellier Spoke in support of HB 2454-A, (Exhibit 3), heavily regulated by federal statutes; must show that district can run a federally certificated airport and manage it financially. Discovered language in ORS which could place district at disadvantage, bill ads "any airport district".

145 Chair Makes explicit, what is implicit in statute, so anyone looking at the ORS could find the words "airport district" right in the exemption and not have to backtrack to get there.

152 Letellier Answered affirmatively.

125 Darren Griffin Spoke in support of Coos County airport district. This bill is to correct and

ensure airports are tax exempt.

170 Chair Shetterly This was before the General Government Committee and approved with do pass recommendation.

174 Chair Shetterly Closed Public Hearing on HB 2454-A.

WORK SESSION HB 2454-A

180 Verger **MOTION: MOVED HB 2454-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**

186 **ROLL CALL: MOTION PASSED 8-0-1
REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Verger, Williams, Chair Shetterly. EXCUSED: Scott**

Rep. Verger will carry the bill.

OPENED PUBLIC HEARING ON HB 2213

196 Dick Yates Provided background on HB 2213, (Exhibit 5).

200 Dave Tyler Spoke in favor of HB 2213, (Exhibit 6). Discussed issuance of bonds, housekeeping changes in the bill.

Discussed four substantive changes:

- Requesting authority to issue Grant Anticipation Revenue Vehicle Bonds.
- ODOT can authorize short term borrowing arrangements, requesting authority to increase to 3 years, increase maximums from \$25 to \$100 million.
- Issuance of general obligation bonds, do not intend to use, but changes authority to borrow and provides for a maximum.
- Currently bonds can only extend to 30 years, requesting authority to extend maturities to maximum expected economic life of project financed.

308 Doug Goe Spoke in support of HB 2213, discussed GARVEE bonds as a tool used by a number of states which provides flexibility to ODOT if need arises; clarifies and modernizes ODOT financing statutes.

332 Rep. Barnhart GARVEE bonds offers flexibility in what way would it leverage federal money?

341 Tyler It would allow for a leveraging and flexibility technique called "advance construction" uses 100% of federal funds directly on a project and hang on to state funds to spending on other projects coming through the STIP.

356 Rep. Barnhart What's the maximum period of time you can borrow money for now? Why would you want to extend to 75, 100 years, extending interest payments with little reduction in payments by the year?

369 Tyler Current statute limits maturity periods of Highway Tax User Revenue Bonds to 30 years, with the possibility of constructing projects that could extend the life of the asset to 75 to 100 years. There could be circumstances ODOT would want to extend to 35 to 40 years, most likely not 75-100 years.

402 Rep. Barnhart What controls are there in this bill or statute to oversee determinations described?

407 Tyler Work closely with internal financing team with approval by Treasurer's Office. There is a biennial bond limit bill adopted each session to contain maximums for debt issuance for state agencies.

426 Rep. Barnhart Does legislature determine maximum maturity periods?

431 Tyler No, each agency requests a maximum debt issuance number within the bond bill.

436 Rep. Barnhart Does the Treasurer support the bill?

442 Tyler In discussions with Chuck Smith, Director of Debt Management and is supportive of the bill.

435 Rep. Hass How can Oregon depend on credit of federal government to fund transportation programs 10-20 years from now?

460 Goe The rating agencies and the financial markets reflect in GARVEE bonds for shorter maturity period of 7 to 10 year period. There is a close relationship with the Treasurer's Office, the rating agencies, investment banker advisory team. These are revenue bonds, investor takes the risk that federal monies are not available.

TAPE 84, SIDE A

043 Rep. Hass As policy, this is going down the wrong track with borrowing and bonding for transportation projects, would prefer pay as we go.

054 Rep. Verger Closed public hearing on HB 2213.

PUBLIC HEARING ON HB 2454

061 Rep. Farr Shares Rep. Hass apprehension about continued reliance on borrowing money to complete projects, but state's situation is grave as regards transportation needs.

065 Rep. Barnhart If we are to borrow money, capital expense is the type of expense needs to be done for, not operating expenses; cites backlog of maintenance that needs to be completed. Borrowing for 20-30 years on an asset that will last 50-60 years is reasonable and prudent. Concerned about borrowing money past 30 years due to high interest payments.

093 Rep. Verger Reminded the committee that HB 2213 was recommended by the House Committee on Transportation with a do pass recommendation.

101 Rep. Farr **MOTION: MOVED HB 2213 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**

110 **ROLL CALL: MOTION PASSED 7-0-1
REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Verger, Williams, EXCUSED: Scott, Chair Shetterly.**

Rep. Farr will carry the bill.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Malik, "Staff Measure Summary, Revenue Impact HB 2434-A", 2 pages
2. Malik, "House Committee on General Government Staff Measure Summary HB 2434-A", 1 page
3. LeTellier, "Testimony HB 2434-A, 2 pages
4. Oregon Revenue Coalition written testimony, "HB 2454", 3 pages
5. Yates, "Staff Measure Summary, HB 2213", 2 pages
6. Tyler, "Testimony HB 2213", 4 pages