

HOUSE REVENUE COMMITTEE
JUNE 25, 2003 9:30 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: Scott West, Oregon Lodging Association
Bill Perry, Oregon Restauration Association
Joe D'Alessandro, Portland, Oregon Visitor's Association,
Oregon Tourism Commission
Pat Egan, Governor's Office
Inge Deckert, Department of Treasury

Staff Present: Paul Warner, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Kathy Tooley, Committee Assistant

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004 Chair Shetterly Calls meeting to order at 9:38 a.m.

OPENED WORK SESSION HB 2267

009 Richard Yates Provided summary of HB 2267, (Exhibit 1); Staff Measure Summary HB 2267, (Exhibit 2); Revenue Impact Statement HB 2267, (Exhibit 3). Referred to -7, (Exhibit 4); -9, (Exhibit 5); -10, (Exhibit 6); -11, (Exhibit 7); -and 12, (Exhibit 8) amendments. Described HB 2267 and amendments generally.

060 Scott West Spoke in support of -9 amendments as a significant move on the part of the tourism industry. Paraphrased written testimony, (Exhibit 9).

134 Bill Perry Spoke in support of -9 amendments, as one of three priority issues for the restaurant industry; creates ability for local governments to benefit from a new state tourism package.

152 Joe D'Alessandro Spoke in support of -9 amendments as it would help Oregon's economy and provide a jumpstart to help market Oregon, creating jobs and revenue. The bill represents a significant compromise.

162 Rep. Verger Regarding budget oversight, said "the remainder of budget is not subject to review and approval by the Legislative Assembly or to future modifications by the Emergency Board or Legislative Assembly". In your presentation you say the entire budget will be submitted to the Governor, are those two things compatible; is that correct?

171 Scott West The bill directs itself to those specific issues with regard to room tax dollars. As to oversight, the bill does require the entire Tourism Commission budget to be supplied to the Governor for review.

176	Rep. Verger	In reference to "the remainder of the budget", which of these things does that refer to in the presentation that would be submitted to the Governor?
137	West	Asked for specific recitation to which Rep. Verger was referring.
182	Rep. Verger	It says "that portion of the budget that is funded by appropriations from the general fund or by allocations of lottery funds is subject to review and approval by the Legislative Assembly". Outside of that are other funds, not subject to review? Identify those.
190	West	Specifically talking about room tax dollars which go to Revenue, Treasury, and to the tourism account itself. Those are in the bill and -9 amendments and are continually appropriated. Lottery, general fund dollars and, private partnership account dollars would go to the Commission itself, and would go through the Ways and Means process.
198	Chair Shetterly	In the language of the bill, "the remainder of the budget", if not exclusively, is primarily the transient lodging tax revenue?
200	West	Answered affirmatively.
201	Rep. Verger	In the original bill the Commission is made up of a nine member board. There was something about geographical balance, is that still in the bill?
206	West	There is no specific regional allocation in the language now.
212	Rep. Williams	Regarding budget components and legislative oversight, the Legislature's current control over lottery moneys and general fund revenue would continue. The portion generated by the room tax would be directly appropriated to the tourism account and the Legislature would not have any control over that money?
222	West	Answered affirmatively.
223	Rep. Williams	The Governor would have an opportunity to review that budget; what would his powers be, short of removal of commission members if the Governor did not approve of how money was spent? That is the governor's only approach as to review or control of resources?
227	West	That would be one, not certain of others.
230	Rep. Williams	In the original bill, the language would focus the ability to use the money in a manner that was for "primary purpose"; there was a distance requirement; is that still in the bill?
240	Chair Shetterly	Fifty miles.
241	West	Yes, it is, in the definition of tourist, an overnight stay of 50 miles one way trip, which is a standard tourism definition.
246	D'Alessandro	It is the current statute language; that has not changed.
250	Rep. Williams	Regarding money from the tourism account being placed with a regional or statewide organization, what kind of regional organizations would receive those resources?
258	West	There are destination marketing organizations that represent the state for specific regions, including: The Portland Oregon Visitors Association; the

Central Oregon Visitors Association; Eastern Oregon Visitors Association, Southern Oregon Visitors Association. The language intended to create a framework for regional entities to leverage themselves and create a plan to bring new business to the region through this grant program.

- 278 Rep. Williams Is this only talking about these regional combined organizations such as the Washington County Visitors Bureau? Or does it expand to include other kinds of organizations?
- 285 West The language is broad enough that it doesn't name entities, but that there will be a regional purpose. The purpose is a regional cooperative effort to bring out of state or international travelers to the community. Described other visitor associations. No entity is specifically addressed; believes the market will determine who and what the plan will be.
- 315 D'Alessandro It allows flexibility for multiple regions to come together and market a specific issue such as Lewis and Clark Bicentennial or Oregon Trails Sesquicentennial.
- 322 Rep. Berger Had issue in -9 amendments with the governance piece. Lodging industry includes 5 members, from the broader tourism industry 3 members; concerned the language says 3 members drawn from the travel agency, tour operators, private transportation, restaurants, hotels, motels, resorts, bed and breakfast facilities, inns which are all lodging industry. Uncomfortable that it could be 8 members from the lodging industry.
- 3455 West That is possible, but not the intent of the industry. Up to the Governor to make the appointments, which would ideally include a broad-based representative group.
- 358 Rep. Hopson Asked for clarification on tourism-related facility, would it cover convention centers, and a facility for major league baseball?
- 366 West Answered affirmatively with regard to the convention centers and this is delineated clearly in the language. As regards the baseball stadium, did not have an answer. Would suggest 70/30 split for incremental increases. In the future a local jurisdiction could allocate up to 30% to a facility or purpose of their choice.
- 382 Chair Shetterly To clarify for the record, a definition of tourism related facility means conference center, convention center, visitor's information center, or other improved real property. Qualifiers include a useful life of 10 or more years and a primary purpose of supporting or accommodating tourist activities. Are you saying the useful life of 10 or more years and primary purpose qualifier only applies to other improved real property and does not limit the application of tourism related facility to conference center, convention center or visitor information center?
- 397 West Regarding the definitions of conference center and convention center, there is some delineation on thresholds and the visitor information center issues that is already in statute.
- 397 Chair Shetterly To clarify for the record, a useful life of 10 years and primary purpose qualifier doesn't serve to limit what otherwise are the categorical inclusions of conference, convention and visitor information centers; is that correct?
- 411 Scott Answered affirmatively.
- 357 Rep. Barnhart Could you parse that for us, does not read the bill the same way. Concerned

with word "primary" and illustrated concern with examples of tourism agencies which are used by the neighborhood within 50 miles. Need to know how the word "primary" would not limit the use of funds for functions that are not primarily tourist facilities.

- 446 West Facilities that are in place are funded by existing revenues and it is up to the local jurisdiction.
- 453 Rep. Barnhart Asked about phrasing "other facilities like that".
- 454 West With regard to specific issue on conference, information and visitor centers, in the existing statutes there are thresholds.
- 462 Rep. Barnhart Asked for thresholds to be pointed out and define what local governments can spend their funds on. Had problem with hooking those things together.
- 470 West Directed attention to specific locations in the original bill for delineation of a conference center; and convention center.
- 488 Chair Shetterly That's all current?
- 490 West Answered affirmatively.
- 491 Chair Shetterly The issue is how to move those definitions into lines 2-5 of the -9 amendments; and does that further limit spending on these defined assets in the -9s. West regards them as categorical; Rep. Barnhart does not see that in the way the bill is drafted.

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- 035 West Categorical conditions and any other facility that would have a useful life that meets the threshold and primary purpose is supporting tourism. Although not delineated, the idea is that the definition is there for the purpose of allowing other types of opportunities as long as they meet that "primary purpose" threshold.
- 044 Chair Shetterly Provided suggestions to clarify qualifiers and provide a categorical definition in the -9 amendment.
- 054 West Answered affirmatively.
- 060 Discussion regarding clarification and qualifiers.
- 067 Rep. Scott Question regarding retroactivity date and the change, some areas passed it but didn't enact until after January 1, 2003. Specifically what areas are they?
- 070 West The Dalles is one, there were issues in the Central Oregon area, the -9 allows those to take place.
- 082 Pat Egan Paraphrased written testimony including a table delineating the -7 amendments, which is now the -10 with minor changes, (Exhibit 9). Noted the Cities and Counties have agreed on -7, and potentially the -10 amendments, as to percentages and additional items.
- 113 Egan Provided and paraphrased 5 principles translated with -7 and -10 amendments, original bill and current law, (Exhibit 9, Page 3).
- 126 Egan Important to note intent for the record, all sides agree to the dedication of the

1% tax to tourism element.

- 195 Rep. Barnhart The amendment was proposed because it is believed to be a fair compromise of the issues that -7 raises?
- 210 Egan Nothing precise or magic about some of the individual elements, but it strikes a fair balance and provides predictability for the industry, and preserves flexibility for local governments.
- 219 Rep. Barnhart What's the Governor's comfort level as to accountability and oversight contained in the industry proposal in the -9 amendments?
- 222 Egan Asked for clarification oversight as to what?
- 224 Rep. Barnhart Budget accountability and oversight.
- 226 Egan The question of legislative oversight is for you rather than for the Governor. It is important to have legislative buy-in and ownership in the expenditure of dollars for the dedicated 1% so future legislatures don't decide to take the money for something else.
- 243 Rep. Scott The primary difference between the -7 and -9 amendments is the percentages and what they are allocated for. In your opinion, if the -9 were to come with a correction, would the Governor sign 70/30?
- 253 Egan The bill was pre-session filed with a degree of enthusiasm to increase tourism spending. Concern at that time about individual elements including preemption. The core benefit from this legislation is the 1% and marketing of Oregon's assets. Tried to strike balance at 60/40. Have not asked the Governor that particular question. Does believe if it came to Governor in that form, it would likely be signed. He is reserving judgment based on what may happen in the Senate and what this Committee might do.
- 286 Rep. Farr Looking at the differences between the -7 and -9, in the 60/40, 70/30 calculation there is not a great deal of difference. For the City of Florence it would mean about \$1000 a year. Concerned with the retroactivity principle. Do you have insight as to how many jurisdictions throughout the state are affected by that?
- 297 Egan Would defer to League of Oregon Cities and Counties, who might have a better sense of that. A couple of jurisdictions have implemented a new local transient lodging tax that might be impacted. Did not know specific jurisdictions.
- 292 Rep. Berger Asked if the Governor's has concerns with the make up of the commission as to whether lodging is represented among the "3 members".
- 314 Egan The Governor's feeling on all boards and commissions is the need for broad expertise, would be more comfortable with -7 amendments. It is for the Legislature to consider what might be the feelings of a different Governor. Noted there is still Senate confirmation of appointees as a degree of Legislative representation and inquiry still available.
- 337 Rep. Verger Disappointed that there are 2 sets of amendments, hoped there would have been a compromise. Sees the two amendments differently; and more than 60/40, 70/30. Representation of various regions of the state is an extremely important issue. Can you point out other strong feelings?
- 357 Egan Would have preferred one set of amendments. Regarding the differences

between the two amendments, would leave to the table he provided. Noted distinctions between implementation date, and retroactivity; and minimal differences in the appointment process. The major difference is in the percentages and definition of tourism-related facility. The original bill and current statute does not have "primary" in it.

- 387 Inge Deckert Identified a small technical amendment on page 4 of the original bill, section 8, line 28. It would replace the word "State Treasurer" with "Department".
- 398 Yates Spoke with Dexter Johnson, of Legislative Counsel, who believes "State Treasurer" is appropriate. The preferred amendment would be to delete everything after "transferred". Delete who is doing the transferring so it would read "transferred to the Oregon Tourism Fund?"
- 400 Chair Shetterly Would you be happy with that?
- 409 Deckert Clarified who actually does the transferring better than naming Treasury. Said Treasury operates as a bank for state agencies and does not transfer money on its own initiative, but at the direction of state agencies.
- 402 Egan Notes -7 and -9 still preserve in the appointment process that the Governor shall take into consideration appointing members representing the state's various regions and areas of tourism activity on page 4 of the -7 and -9.
- 448 Chair Shetterly Meeting recessed at 10:25 a.m.

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- 011 Chair Shetterly Meeting reconvened at 12:35 p.m.
- 012 Chair Shetterly Meeting adjourned at 12:36 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Yates, "HB 2267" 1 page
2. Yates, "Staff Measure Summary HB 2267", 1 page
3. Yates, "Revenue Impact Statement HB 2267, 1 page"
4. Yates, "HB 2267-7 Amendments", 7 pages
5. Yates, "HB 2267-9 Amendments", 7 pages
6. Yates, "HB 2267-10 Amendments", 8 pages
7. Yates, "HB 2267-11 Amendments", 8 pages
8. Yates, "HB 2267-12 Amendments", 7 pages
9. West, "Testimony HB 2267-9", 1 page
10. Egan, "Testimony HB 2267", 3 pages
11. Riddell, "HB 2267 Correction of Testimony", 1 page
12. Huntington, "Testimony HB 2267", 1 page
13. Westlund, "Testimony HB 2267", 1 page