

HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 07, 2003 Hearing Room D
1:00 PM Tapes 38 - 39

MEMBERS PRESENT: **Rep. Patti Smith, Chair**
 Rep. Vicki Berger, Vice-Chair
 Rep. Mary Gallegos, Vice-Chair
 Rep. Mark Hass
 Rep. Dave Hunt
 Rep. Steve March
 Rep. Dennis Richardson

STAFF PRESENT: **Kimberly A. Medford, Committee Administrator**
 Linda K. Gatto, Committee Assistant

MEASURES HEARD: **HB 2299 Public Hearing**
 HJR 33, HB 2890, HB 3071, HB 2296 and HB 2302 Public Hearing

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 38, A		
003	Chair Smith	Calls the meeting to order at 2:10 p.m. and opens the public hearing on HB 2299.
<u>HB 2299 PUBLIC HEARING</u>		
010	Mike Burton	<ul style="list-style-type: none">Assistant Director, Oregon Economic and Community Development, (OECDD). States he will provide an overview of the policy issues and how they relate to the -3 amendments, (EXHIBIT A). Reiterates that the intent of HB 2299 is to reorder the statute and extend the sunset.
034	Burton	Submits (EXHIBIT B) . Explains the Rural Strategic Investment Program proposal.
050	Burton	Explains the annual fee for community services, page 3, (EXHIBIT A) .
074	Rep. Berger	Asks what is meant by "a code area".
082	Burton	Responds it is based on the taxing authority.
090	Burton	Continues, discusses the maximum of \$2 million on community service fees and the proposal for a proportionate reduction on the ceiling for community service fees relative to the proposed \$25 million threshold in rural areas.
107	Burton	Notes that the Strategic Investment Program is a negotiated process. Discusses E-commerce zones and states that the line has purposely been left blank for the legislature to fill in.
158	Burton	Continues, discusses Construction-in-Process exemptions. Explains the exception to the exemption.
207	Rep. Hass	Relative to E-commerce zones asks if this is a statewide effort or

225 Burton is it intended to give rural Oregon an advantage.
 Responds there is a policy balance. Suggests an incremental
 change.

235 Rep. Hass Notes that in 2001 he sponsored the E-commerce bill and the
 intent was to help rural Oregon achieve an advantage and
 encourage growth.

242 Burton Notes that the program does create a distinction between urban
 and rural zones and it could be clarified that it is to be dedicated
 for rural zones.

274 Rep. Richardson Asks about the qualifications for a motel to be considered subject
 to these benefits, page 11 (**EXHIBIT A**).

281 Burton Responds that at one time tourism was specified by law as a key
 industry. Explains that the proposal allows jurisdictions within an
 Enterprise Zone to make a one-time election based on the
 circumstances unique to their community.

324 Rep. Richardson Asks where this is located in the amendments.
 339 Kimberly A. Committee Administrator. Refers to Section 17, page 14 of HB
 Medford 2299 approximately line 18.

345 Rep. Richardson Asks does this wording make a change to the jurisdictions that
 already made that election.

354 Burton Responds that those jurisdictions were allowed a period of time
 to revisit the question.

440 Rep. Hass Asks if there is a distinction between rural and non-urban.
 443 Burton States he will research and provide the information.
 460 Hasina Squires Special Districts Association of Oregon. States support for HB
 2299-3 amendments.

465 Rep. March Brings the -2 amendments to the attention of the Special
 Districts, (**EXHIBIT C**).

TAPE 39, A

018 Burton States that on page 12 there is a definition of urban Enterprise
 Zones. Non-urban Enterprise Zones are defined on line 3. States
 that the urban zones are those in the metropolitan areas.

036 Jim Anderson Avista Corp. Describes the Avista Corporation. States support
 for HB 2299-3 amendments. Explains that Oregon imports all
 forms of energy products and is subject to prices set by others.
 Provides an overview of Section 34 of HB 2299.

075 Bob Hanson Avista Corp., Corporate Tax Manager, Spokane. Discusses the
 facility underway in Morrow County; notes that when finished it
 will be a \$250 million plant that operates on natural gas.
 Comments on the importance of the Enterprise Zone exemption
 and the Construction in Progress exemption.

094 Rep. Richardson Asks what benefit is there for Oregon to grant the exemption on a
 project that has been under development for two years.

107 Hanson Explains there were delays in the initial construction period that
 incurred an unanticipated tax bill last year. Explains how these
 amendments will allow an in-lieu-of the five year extension
 period.

130 Rep. Hass Asks about rewarding activities that may occur with or without
 the incentive. Asks would the project continue without this
 exemption.

146 Hanson Explains the plant will be completed shortly. Comments on tax
 responsibility.

205 Tom Linhares Columbia County Assessor. Testifies in support of the HB 2299-
 3 amendments and states that HB 2299 has three goals:

- Reorganize the statutes
- Simplify the programs
- Policy changes

230 Rep. Hunt Asks what is the status for those portions of the state that fall in between the \$100 million category and the \$25 million category.

268 Linhares Responds that the Strategic Investment Exemption program of today requires a project in excess of \$600-\$700 million in property value to make it work. Lowering the threshold to \$25 million would require a project of \$200 to \$300 million to make it pay off.

279 Linhares Explains that the options would need to be weighed by the company.

350 Doug Riggs Pac/West Communications. Submits **(EXHIBIT D)** and explains HB 2299-2 amendments, **(EXHIBIT C)**.

370 Riggs Explains how this is one more tool in the tool kit for economic development.

429 Rep. March Asks does this exempt an existing firm with an existing plant from investing in anything other than hiring.

TAPE 38, B

003 Riggs Responds that the HB 2299-2 amendments do not change the underlying program. Adds that Special Districts would not have to participate in this section.

025 Rep. Richardson Asks about the difference in number of hire/rehire between **(EXHIBIT C)** and **(EXHIBIT D)**.

020 Riggs Responds that the change to 150 was not incorporated in the amendment as requested. Adds that the lower number would be reasonable for the rural areas.

033 Greg Baker Executive Director, Special Districts Association. States that the -2 amendments have been reviewed and there are no issues for Special Districts.

042 Chair Smith Closes the public hearing on HB 2299 and plans to do a work session on Wednesday. Opens the public hearing on HJR 33.

HJR 33 PUBLIC HEARING

050 Chair Smith Closes the public hearing on HJR 33 and opens the public hearing on HB 2890.

HB 2890 PUBLIC HEARING

Chair Smith Closes the public hearing on HB 2890 and opens the public hearing on HB 3071.

HB 3071 PUBLIC HEARING

053 Chair Smith Closes the public hearing on HB 3071 and opens the public hearing on HB 2296.

HB 2296 PUBLIC HEARING

054 Chair Smith Closes the public hearing on HB 2296 and opens the public hearing on HB 2302.

HB 2302 PUBLIC HEARING

056 Chair Smith Closes the public hearing on HB 2302 and adjourns the meeting at 3:00 p.m.

EXHIBIT SUMMARY

A – HB 2299-3 amendments dated 4/2/03, staff, 12 pp

B – HB 2299-3 Material Effect Outline, Michael Burton, 2 pp

C – HB 2299-2 amendments dated 3/20/03, staff, 2 pp

D – HB 2299, Business Revival Incentives, Doug Riggs, 1

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