

SENATE REVENUE COMMITTEE
May 7, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Tony Corcoran
Senator Charlie Ringo
Senator Bruce Starr

Members Excused: Senator Lenn Hannon

Witnesses Present: Rob Drake, Mayor of Beaverton
Jack Kenny, Oregon Housing and Community Services
Mike Burton, Economic and Community Development Department

Staff Present: Paul Warner, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Tara Lantz, Committee Assistant

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003 Chair Deckert Calls meeting to order at 1:20 pm.

OPENS PUBLIC HEARING ON HB 3224 A

016 Richard Yates Explains HB 3224 which authorizes cities with more than 50,000 residents to issue nonrecourse bonds to provide for retail, commercial, and industrial development. Exhibit 1.

022 Rob Drake Testifies in support of HB 3324 A because it would give Beaverton and other cities a tool for economic development in order to solve critical problems and attract jobs.

048 Sen. Deckert Asks for an example of a project.

050 Drake Gives example of a health clinic in downtown Beaverton.

072 Sen. Ringo Asks why there is a limit on the number of residents.

077 Drake Responds that small cities don't have the technical capabilities that large cities have.

089 Sen. Ringo Asks if a city of 50,000 or more is supposed to have these technical capabilities.

091 Drake Responds positively.

093 Sen. Deckert Points out that there is a -3 amendment that raises it to 70,000.

099 Sen. Ringo Asks about the difference between retail and commercial.

104 Janet Young Responds that retail could be considered a subset of commercial and that the two words are both in there to be more clear.

110	Sen. Ferrioli	Responds that retail is open to the public for the sale of goods and commercial relates to the provision of services. Discussion follows.
127	Sen. Corcoran	Asks why Rep. Prozanski voted no in the House.
130	Drake	Responds that he doesn't know. Discussion follows.
136	Sen. Deckert	Asks if he has an opinion on the -3 amendments.
140	Drake	Responds negatively.
144	Sen. Ferrioli	States that under 50,000 small cities have more resources that larger cities do not, and that the bill should go down to the lowest number as possible.
150	Sen. Starr	Asks what cities are included in the original bill and with the amendment.
155	Drake	Responds that Beaverton, Portland, Eugene, Hillsboro, Salem, and Gresham are above 70,000 and that Medford, Bend, Springfield, and Corvallis are in the 50,000 range.
164	Sen. Deckert	Asks if those cities excluded in the amendments have the capabilities to issue these bonds.
170	Drake	Responds affirmatively. Discussion follows.
178	Jack Kenny	Testifies in support of the -3 amendments. States that he was opposed to the original bill in the house because in order to issue and monitor bonds, a city needs to have resources, such as a professional staff. Discusses problems with issuing too many bonds.
225	Sen. Deckert	Asks if the cities excluded in the amendment have the resources to issue these bonds.
226	Kenny	Responds that they were asked to come up with a compromise with the City of Beaverton.
238	Sen. Ferrioli	Asks why the housing authority didn't offer to broker these services to cities.
241	Kenny	Responds that already offer these services to cities.
256	Sen. Ringo	States that he is supportive of the -3 amendments.
272	Mike Burton	States that the Economic and Community Development Department has the authority to issue bonds for any economic development project in small cities and ports.
288	Sen. Deckert	Asks why they need this bill if there is already a system in place.
295	Kenny	Responds that he doesn't perceive that there is a problem and that they don't have an exclusive monopoly.
332	Burton	Responds that smaller jurisdictions don't have the capacity and are happy to let the state take control.

CLOSES PUBLIC HEARING ON HB 3224

OPENS WORK SESSION ON HB 3224

377 Sen. Starr Asks if the cities excluded in the amendment care.
385 Drake Responds that they do not know.

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013 Sen. Ferrioli States that he would rather see the 50,000 limit, but would support the amendment to move the bill because creating the authority is the most important thing.
020 Sen. Starr MOTION: MOVES HB 3224-A3 AMENDMENTS DATED 5/5/03 BE ADOPTED.
029 Sen. Deckert ORDER: HEARING NO OBJECTION: MOTION PASSES: 5-0-1. SENATOR EXCUSED: HANNON.
030 Sen. Starr MOTION: MOVES HB 3224 A TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
032 Sen. Deckert ORDER: HEARING NO OBJECTION: MOTION PASSES: 5-0-1. SENATOR EXCUSED: HANNON. Sen. Ringo will carry the bill on the Senate Floor.

OPENS WORK SESSION ON HB 2213

040 Sen. Starr Argues in support of HB 2213 in its original form and for giving the authority to issue GARVEE bonds because it gives the department a tool for special projects that otherwise would not be able to happen.
057 Sen. Corcoran Asks who is responsible for the amendments and what they would do.
059 Sen. Starr Responds that they would remove the GARVEE language out of the bill.
062 Sen. Deckert States that the amendments were written after the initial hearing because there was concern over the issuance of GARVEE bonds.
Discussion follows.
092 Sen. Ringo States that he is uncomfortable with additional mechanisms for the state to create more debt.
106 Sen. Ferrioli Expresses the same concerns about creating debt, but states that he would be willing to vote the bill to the floor as a courtesy.
118 Sen. Deckert States that the only issue is the GARVEE bonds and that he can see both sides of the argument.
131 Sen. Starr Points out that ODOT has historically paid as they went and have incurred very little debt and that they wouldn't issue bonds for 30 years if the lifespan of the project were only 15 years.
151 Sen. Ferrioli Recognizes that these bonds are not the same as short-term borrowing in other agencies, but points out that giving agencies those authorities has not been a good experience.

172	Sen. Ringo	Discusses his objection to lottery backed bonds and states that in the long run the state would be better off if it paid as it went. Discussion follows.
210	Sen. Corcoran	States that the roads and bridges are in crisis and that if ODOT feels they need this option, he supports it.
227	Sen. Starr	Asks if Sen. Deckert is comfortable with Sen. Ferrioli's courtesy vote.
229	Sen. Deckert	Responds affirmatively. Discussion follows.
236	Sen. Starr	MOTION: MOVES HB 2213 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
240	Sen. Deckert	ORDER: ROLL CALL VOTE: MOTION PASSES: 4-1-1. SENATORS ANSWERING AYE: CORCORAN, STARR, FERRIOLI, DECKERT. SENATOR ANSWERING NO: RINGO SENATOR EXCUSED: HANNON.
242	Sen. Deckert	Adjourns meeting at 1:56 pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 3224 A, Richard Yates, Staff Measure Summary, 1p.
2. HB 3224 A, Jack Kenny, Proposed HB 3224-A3 Amendments, 1p.
3. HB 2213, Richard Yates, Proposed HB 2213-1 Amendments, 1p.