

**SENATE REVENUE COMMITTEE**  
**JULY 9, 2003 1:00 PM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Ted Ferrioli, Vice Chair  
Senator Tony Corcoran  
Senator Lenn Hannon  
Senator Rick Metsger  
Senator David Nelson  
Senator Charlie Ringo  
Senator Bruce Starr

Witnesses Present: Senator Joan Dukes, District 16  
Senator Frank Morse, District 8  
Senator Gary George, District 12  
Senator Margaret Carter, District 22  
Randy Tucker, 1000 Friends of Oregon  
Matt Blevins, Oregon Environmental Association  
Jim Torrey, League of Oregon Cities  
Laura Pryor, Association of Oregon Counties  
Darrell Fuller, Automobile Dealers Association  
Roger Martin, Oregon Transit Association  
Mike Salsgiver, Portland Business Alliance  
John Watt, Medford Chamber/Jackson County  
John Ledger, Associated Oregon Industry  
Lynn Lundquist, Oregon Business Association  
Mary Botkin, AFSCME Council 75

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

**TAPE 157, SIDE A**

005 Chair Deckert Calls meeting to order at 9:37 am.

OPENS PUBLIC HEARING ON HB 2041 B

030 Sen. Dukes Explains that she and the other senators from the Ways and Means Subcommittee on Transportation and Economic Development are testifying because they were the reason the bill was brought back to the committee.

039 Sen. Morse Testifies of the importance of HB 2041 but expresses concern with the sequestration section of the bill because they should not be adding additional burden to the General Fund when they do not have enough money to fund current obligations. Requests that the sequestration portion of the bill be amended out. Recognizes that there has been compromises made between stakeholders and that if an adjustment needs to be made to make equity and fairness, it should be done proportionally to the amount of the tax credit.

105 Sen. George Discusses the concern that arose in hearing HB 2041 and learning about the sequestering of dollars. Expresses concern with the General Fund costs of the bill. States that he doesn't like bills that are done in the dead of night.

149 Sen. Dukes States that they have requested for amendments to be drafted to remove the

sequestration portion of the bill. Expresses concern with taking money from the General Fund when they are trying to balance the budget with the least amount of cutting of services. States that the bill should have been in Ways and Means. Discusses cost responsibility in the bill and the diesel engine tax credit.

- 213 Sen. Corcoran Asks about an alleged road already determined to be built in Washington County with this money and asks what roads and bridges they are willing to not fund by taking out the sequestration.
- 219 Sen. Dukes Responds that the sequestration has nothing to do with roads and bridges but rather is a \$5 million a year fund piece that funds mass transit buses, a transportation demand study, and a tax credit to people who buy semi's that have a newer type of engine or replace existing engines with a less polluting engine.
- 239 Sen. Corcoran Asks about Washington County.
- 240 Sen. Dukes Replies that in Washington County, she attended a meeting where she was told there was a road in this bill in Washington County. States that it wasn't in there specifically by name but there was an agreement that road would be built and that transportation packages always have a separate list of projects.
- 259 Sen. Deckert Asks if the members would pledge to fund the other components of the bill currently funded by sequestration if they removed the sequestration section.
- 264 Sen. Dukes Responds that they wouldn't fund the tax credit.
- 267 Sen. George Responds that the Senior and Disabled transit has already been added in Ways and Means.
- 281 Sen. Deckert Asks for a yes or a no.
- 284 Sen. George Responds that the committee would look deeper and that they already have taken some action. States that the tax credit is something that is required to be done already under federal law.
- 292 Sen. Carter States that her concern is the General Fund dollars and that if they are taken out she will vote for the bill. Suggests looking at how to finance mass transit. States that this is taking \$4 million from the General Fund up front that is borrowing against the revenues of the future.
- 334 Sen. Corcoran Points out that Sen. Dukes said that part of that money was to fund mass transit.
- 335 Sen. Carter Responds that it is and that is has nothing to do with bridges and roads.
- 344 Sen. Dukes Clarifies that they are only talking about the pure general fund portion of the bill and that they cannot fund public transportation though road taxes constitutionally. States that there probably can be flex federal funding that can be used for a transportation demand study.
- 379 Sen. Carter States that there are other means to fund the transportation demand study and other programs.
- 395 Sen. George Declares that the idea of bonding is something he has always advocated and he fully supports the transportation package without the sequestered dollars.

009 Sen. Starr Asks if the members of the Subcommittee would commit to supporting the bill if they adopted the proposed amendments.

012 Sen. Dukes Replies that it depends on what else they do to the bill, but if that is the only thing done she would vote yes.

015 Sen. George Responds that if there is no removal of the other fees he would vote yes. Declares that his problems with the bill were the General Fund dollars and the process. States that if they eliminate \$3 million in heavy vehicle fees and \$6 million in light vehicle fees it would eliminate cities and counties which desperately need money.

025 Sen. Morse Responds that he would definitely support the bill.

036 Sen. Dukes States that the freight mobility portion of the bill is poor and ties the hands of communities such as Astoria where the highway is the main street. Refers members to a letter from State Treasurer Randall Edwards that expresses concern about the policy of sequestration (Exhibit 1).

055 Sen. Metsger Asks Sen. Morse for clarification on a comment about offsetting the diesel engine tax credit.

062 Sen. Morse Responds that his concern is that any reduction in fees be proportional to the actual credit in the bill, which includes a sunset.

074 Sen. Metsger Interprets that if they took the credit away they could only take the truck fees away until January 2007 because that is when the credit expires.

089 Sen. Morse Responds that he doesn't have specifics on how to do that but that they need the ability to support the bonds.

093 Sen. Metsger States that when they lower fees they start to get away from cost responsibility because if they lower the \$3 million fee for the trucking industry, they have to lower the \$6 million fee for light vehicles. Asks if that is acceptable.

115 Sen. Morse Responds that the tax credit is not significant in the scope of the bill but it is significant for the General Fund.

121 Sen. Metsger Asks if they eliminate the entire sequestration and the trucking industry opposes the bill, if their members would vote for the bill.

132 Sen. Morse Responds that he doesn't know.

133 Sen. Metsger Asks how the Subcommittee might find more funds for the mass transit parts of the bill that would be eliminated.

136 Sen. Dukes Responds that they have increased the identification card fee in order to fund the Senior and Disabled transit program. Reminds the members that there are technical problems with the bill that she assumes will be fixed.

170 Sen. George Asks if the revenue impact from HB 2041 A has changed at all.

180 Dick Yates Responds affirmatively.  
Discussion follows.

205 Sen. Deckert Asks for information on the sequestration portion of the bill.

211	Yates	Discusses the process of determining estimated revenues from the income tax capture and explains that they don't view that income as new revenue.
252	Sen. Nelson	Asks if the estimates are more than the \$3 million.
258	Yates	Responds that it won't be initially because it takes a long time for ODOT to begin the process of hiring people.  Discussion follows.
274	Sen. Metsger	Asks what the estimate would be five years into the bill.
279	Yates	Responds that his estimate is \$12.6 and then more in the later years.  Discussion follows.
304	Randy Tucker	Discusses the HB 2041-B21 amendments, which requires projects selected for financing under the package to conform to and implement Oregon's highway plan and state land use plan. States that this should apply to all future transportation packages as well. Explains the HB 2041-B20 amendments, which clarifies the intent of language already in the bill that prioritizes the projects that are ready for construction to ensure that transportation dollars created by the bill are spent on projects that have done their homework and are ready to build. Explains the HB 2041-B19 amendments, which deletes the section prohibiting modification of state highways that are identified freight routes in any way that would reduce the vehicle carrying capacity of the road. States that the section could jeopardize efforts to promote economic development by revitalizing downtowns and improving efforts for mass transit, bicycles, and pedestrians in cities. Discusses added exemption possibility and why it is not adequate.

**TAPE 157, SIDE B**

020	Sen. Deckert	Asks if Tucker was involved in the workgroup.
022	Tucker	Responds that he was invited to one meeting in the House where they discussed some of these issues.
027	Sen. Deckert	Asks about the process for cities to get waivers.
031	Tucker	Responds that cities have to apply for a waiver if a project reduces the freight capacity of the road.  Discussion follows.
064	Sen. Starr	States that he will oppose the amendments because the freight mobility around the state is an issue of statewide concern and the section accommodates local government concerns about it.
112	Matt Blevins	Testifies in support of the bill but expresses concern with the tax credit for diesel engines because all engines that are going to be produced are going to clean engines and there is no reason to offer a credit for something that is going to be required in the future. Suggests to at least require truck drivers to retire old engines once they have purchased new ones.
148	Jim Torrey	Testifies in support of the original bill and asks that they take into consideration the need for local governments to take advantage of these funds. States that he believes local government was given the opportunity to

work with the Department of Transportation on projects. Expresses concern with the amendment that says the projects have to be ready.

Discussion follows.

224 Sen. Metsger Expresses concerns about downtown routes but states that he has been pleased with the Department of Transportation in allowing cities to control roads.

258 Tucker Clarifies that he was not making a nefarious statement about ODOT or proposing the amendment based on actions in the past.

265 Sen. Deckert Asks who is proposing the –B23 and –B24 amendments.

267 Sen. Starr Replies that the –B23 appear to be the Ways and Means Subcommittee amendment and the –B24 look to be identical to the –B19 amendments.

Discussion follows.

277 Laura Pryor Testifies in support of the original bill because everyone has worked hard to come up with a compromise. States that it has been 12 years since cities and counties have been given funds to improve bridges and roads and they are in trouble.

338 Darrell Fuller Testifies that any bill of this magnitude is going to have problems and that he is concerned that pulling one or two sections of the bill out would imperil the process of moving a transportation package.

400 Sen. Deckert Asks what happens if the Senate does not have the votes to pass the bill.

401 Fuller Responds that he believes they do have the votes and that if they don't they end up coming back and rewrite it.

### **TAPE 158, SIDE B**

013 Pryor States that she knows that if a change is made it could have a negative impact on cities and counties, but they are still there at the table.

017 Roger Martin Testifies that mass transit needs the \$2 million in the bill for bus replacements. Corrects errors made by the Ways and Means Subcommittee. Points out that in 1979, the light rail program sequestered income tax revenue. Discusses the funding for bus replacement. States that the only way this bill will be successful is if it remains in its original form.

080 Sen. Deckert Points out that when he asked the Subcommittee if bus replacement was funded with flexible federal funds they all nodded.

086 Martin Responds that he hopes that is true but that he doesn't believe they can find the flexible funds to do that.

101 Sen. Metsger Asks for a reaction to the statement that this bill was done in the dead of night.

119 Martin Responds that this has been an open process and that members of the Ways and Means committee could have

130 Sen. Nelson States that in his caucus the information and problems with the bill were openly discussed.

- 139 Fuller Responds that there were a lot of people that were frustrated at how long the bill took to get over to the Senate because members were given time to thoroughly review the bill.
- Discussion follows.
- 164 Mike Salsgiver States that this is one of the most important bills of the session and agrees that this is not the first time that sequestration has been used. Urges passage of the bill with no amendments.
- 204 John Watt Testifies in support of the bill in its existing form and states that he has always been informed about what has been going on with the bill.
- 231 John Ledger Offers strong support for this bill because businesses are being financially hurt by having to drive long distances to avoid damaged roads. Expresses concern that taking anything out of the bill will prevent its passage.
- 249 Lynn Lundquist Offers support for the package and states that the real issue is not that \$4million is being taken from the General Fund but rather what the money is going to.
- 283 Sen. Starr Points out that the diesel engine tax credit has a requirement that the engines be purchased in Oregon and asks how that would impact Freightliner and other businesses that are truck engine dealers.
- 306 Ledger Responds that it would constitute a lot of work because engine building is a skilled high paying job. States that this tax credit would help them a lot and that tax credits work to entice companies to relocate.
- 342 Watt Responds that if they are giving incentives to buying new merchandise, that merchandise has to be painted, have new tires, and those people will also benefit.
- 351 Salsgiver Responds that tax credits are used to incent sectors of the economy to do things that are in the interest of public good or economy and to offset costs that the government would have to pick up. States that this tax credit has a multiple benefit by securing the use of engines that are good for the environment and by stimulating a sector of the economy that needs it.
- 369 Sen. Deckert Asks about the argument that this will not induce anyone to buy a new engine because they will buy one if they need it and not buy one if they don't.
- 378 Salsgiver Replies that people he has talked to in the industry have said that this is a credit they will use.
- 383 Lundquist Responds that a credit would speed up the process of changing engines.
- Discussion follows.
- 409 Mary Botkin Testifies on behalf of Ralph Groener of the importance of the bill and urges its passage in its original form.

**TAPE 159, SIDE A**

- 041 Sen. Starr States that getting this bill to where it is has been a long process and has been full of compromises. States that the hit to the General Fund is reasonable when considering the investment in creating jobs and that he hopes that the bill will go through as planned. Discusses technical changes that need to be made.

068	Sen. Metsger	Asks for the future plans on the bills.
070	Sen. Deckert	Replies that they will assess where they are at and that it is scheduled again on Monday.
077	Sen. Metsger	States that this bill demonstrates why there hasn't been a transportation package in over a decade and that it is a compromise by all parties involved.
100	Sen. Deckert	Adjourns meeting at 11:37 am.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 2041 B, Randall Edwards, Written Testimony, 3pp.
2. HB 2041 B, Randy Tucker, Proposed HB 2041-B21 Amendments, 1p.
3. HB 2041 B, Randy Tucker, Proposed HB 2041-B20 Amendments, 1p.
4. HB 2041 B, Randy Tucker, Proposed HB 2041-B19 Amendments, 1p.
5. HB 2041 B, Sen. Morse, Proposed HB 2041-B23 Amendments, 1p.
6. HB 2041 B, Randy Tucker, Proposed HB 2041-B24 Amendments, 1p.
7. HB 2041 B, Sen. Metsger, Proposed HB 2041-B22 Amendments, 1p.