

HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

April 24, 2001
8:30 AM

Hearing Room D
Tapes 59 - 60

MEMBERS PRESENT:

Rep. Jerry Krummel, Chair
Rep. Chris Beck, Vice-Chair
Rep. Patti Smith, Vice-Chair
Rep. Alan Brown
Rep. Bill Garrard
Rep. Deborah Kafoury
Rep. Jeff Kruse
Rep. Steve March
Rep. Carolyn Tomei
Rep. Kelley Wirth

STAFF PRESENT:

Matt Wingard, Administrator
Pamela Johansen, Committee Assistant

MEASURE/ISSUES Session	HEARD:	HB	3337	Public	Hearing	and	Work
			HB 3540	Work Session			
		HB	2660	Public	Hearing		Hearing
				HB 3481	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.

TAPE/#	Speaker	Comments
TAPE 58, A 004	Chair Krummel	Calls the meeting to order at 8:45 a.m. and opens a public hearing on HB 3481.
<u>HB 3481 PUBLIC HEARING</u>		
019	Rep. Randy Leonard	House District 21. Testifies in support of HB 3481. Discusses concerns of electrical increases and recommendations from a consultant hired by Cascade Locks Municipal Electrical Board to address the issue (EXHIBIT A).
082	Rep. Bill Witt	House District 7. Comments that electricity is a fundamental need and we should have policies that do not allow shifting of cost and discrimination. States the bill is good policy and promotes fairness.
095	Mother Francine Cardeau	Mother Superior and 25 year resident of Bridal Veil. Touches on the unfairness of living in a district where she cannot exercise her right to vote for issues that touch their lives and personal needs.
120	Rep. Wirth	Asks if this is typical of municipal utility districts.
126	Rep. Leonard	Responds it is not unusual for the boundaries to be different for municipal utilities.
139	Rep. Wirth	Asks what is the district this municipality serves.
145	Rep. Leonard	Explains why Cascade Locks Municipal Electric Board why they provide services outside of their boundaries to Bridal Veil.

149	Rep. Wirth	Asks what is the boundary of the service area this municipal district serves.
152	Rep. Leonard	Comments the area covers South Bank (Bridal Veil) into Multnomah County.
154	Rep. Wirth	Asks if the district crosses county lines
156	Rep. Leonard	Responds yes, county lines do not bind them. Comments they have provided service to Bridal Veil for an undetermined length of time.
160	Rep. Wirth	Ask if there has been discussion of forming a new board
165	Rep. Leonard	Comments that this is statute and a change would have to take place in state statute. Gives as an example Portland General Electric (PGE) and East Multnomah County.
175	Rep. Hill	Asks how far is Bridal Veil located from Cascade Locks.
180	Mother Francine	Comments they are about 15 to 20 miles.
186	Rep. Hill	Asks how many people are served by this line.
189	Rep. Leonard	Responds there are approximately 125 customers.
190	Rep. Witt	States a decision was made many years ago to supply electricity at an affordable price and non-discriminatory basis to rural areas subsidized by urban areas.
209	Rep. Garrard	Asks is it standard practice among municipal utilities to charge different rates.
217	Rep. Leonard	Comments he found Cascade Locks to be the only entity that charged different rates not only among municipal utility districts but public utility districts and private utility suppliers in Oregon.
226	Rep. Wirth	Discusses grievances and rights to an appeal process.
242	Rep. Witt	States the bill is a good approach to address this issue.
258	Rep. Wirth	Asks why is the city council in charge of the board.
268	Rep. Witt	Comments that the geographical territories for the municipal utilities and public utilities have extended over time to make sure service is provided all over the state. States the election process would have to change and that is a larger change than they are currently suggesting. This bill offers a more subtle change.
284	Rep. Leonard	Discusses the unfairness of the increase of rates with no representation on the board from the citizens of Bridal Veil.
305	Rep. Smith P.	Comments on the history of Bridal Veil. Says that PGE refuses to serve the area and the electricity must be supplied by the city of Cascade Locks.
326	Rep. Leonard	States he has also spoken with PGE in regards to servicing Bridal Veil and were told the same information.
341	Rep. Smith P.	States this area is on the low end of the priority list for service.
347	Rep. Leonard	Responds that both of the areas have the right to complain in regards to the service or increase, Bridal Veil has no say in this situation.
351	Brown	Asks if this bill passes would the utility companies be able to recoup the cost of supplying electricity to outlying areas by additional charges.
360	Rep. Leonard	Gives details of what the bill addresses.
369	Brown	Asks if costs could be amortized through the rates paid by customers.
378	Rep. Leonard	They do have the opportunity to charge different hook up rates.
TAPE 60, A		
005	Tom O'Connor	Oregon Electric Municipal Utilities. Testifies in opposition to HB 3481. Submits and refers to written testimony (EXHIBIT B) .

101	O'Connor	States they oppose this bill because: <ol style="list-style-type: none"> 1. It is an unnecessary intrusion on local authority. 2. Cascade Locks charges a higher distribution rate to the South Bank area because the costs to maintain that area are higher. 3. The bill would restrict municipal utilities from operating in the new competitive environment.
118	Bill Willoughby	Cascade Locks City Administrator. Testifies in opposition to HB 3481. Says that South Bank is a totally separate system from Cascade Locks and is served by a different substation of Bonneville Dam. Comments the city has acted to provide for representation of the South Bank area in the budget and rate setting process. States the Utility Advisory Committee has been created and made up of citizens including a South Bank representative, that will make recommendations on utility rates and service to the Council.
275	Rep. Garrard	Asks if they are mandated to supply electricity to Bridal Veil.
279	Willoughby	Responds there is no other alternative other than forming a different utility district.
290	Rep. Tomei	Asks what would it take to form a new utility district.
294	O'Connor	States there is a process at the state level through the Public Utilities Commission to develop allocated service territories. Discusses the city of Hermiston and how the people are taking over the utility company.
323	Rep. Wirth	Asks why can't there be a board appointed that is separate from the city council.
333	O'Connor	Responds most small municipal utilities have the city council serve as the Utility Board. Comments this has historically been a part of the city charter and not the state statutes.
361	Bob Montgomery	Citizen of Cascade Locks. Testifies in opposition of HB 3481. Comments that most cities charge more for the water and sewer system if you live outside the city.
397	David Barenberg	League of Oregon Cities. Testifies in opposition of HB 3481. Comments the city did not ask to provide these services but continue to provide a service that already existed and feels it is best dealt with by the local decision making authority to arrive at a solution to a problem that is specific to a limited area.

TAPE 59, B

010	Mark Nelson	Public Affairs Council and Eugene Water and Electric Board. Testifies in opposition of HB 3481. Comments their rates are not charged on the basis of location but on the cost of service rate. Gives an anecdote of Weyerhaeuser. States a problem with the bill is that it does not distinguish between residential, commercial and industrial rates. States the unintended consequences of this bill is much broader than the targeted residential customers.
045	Chair Krummel	Closes the public hearing on HB 3481 and opens a public hearing on HB 2660.

HB 2660 PUBLIC HEARING

048	Wingard	Gives overview of HB 2660.
067	Joan Fraser	Deputy Administrator Oregon Building Codes Division. Testifies to a neutral position on HB 2660. States they support the -2 amendments (EXHIBIT C). Submits and refers to

		written testimony. Comments this bill will provide clarification both for the complainants and the respondents for a more predictable appeals process. Says they have seen the –2 amendments and will support anything that will contribute to a resolution (EXHIBIT D) .
151	Burton Weast	Oregon Association Plumbing, Heating and Cooling Contractors (PHCC). Testifies in support of HB 2660. Comments this bill will provide direction as to the policy of the state for reasonable fees.
156	Fred VanAtta	Representing Oregon Building Industry Association. Testifies in support of the bill.
158	Weast	Submits and refers to handout (EXHIBIT E) . Comments this information represents the last 2 years of fee increases by local governments.
165	Rep. March	Comments that the information would be more helpful if the actual fee was included instead of the percentage of fee increase.
169	Weast	Responds the actual fees are listed in the back of the handout.
158	Joe Landry	Representing National Electrical Contractors Association (NECA), Plumbing and Mechanical Contractors (PMCA) and Sheet Metal and Air Conditioning National Association (SMACNA). Testifies in support of HB 2660. Comments there have been some outrageous fees charged by local jurisdictions. States this bill will create a framework that could help to clarify the fee increases as warranted and legitimate.
181	Bill Cross	Oregon Building Officials of Oregon (OBOA). Testifies in support of HB 2660. Expresses concerns that the fee increases are truly being used to support the building program.
204	Kevin Brice	Oregon Building Officials Association, Co-Chair. Testifies in support of HB 2660. Explains the methodology for calculating costs.
210	Chair Krummel	Closes the public hearing on HB 2660 and opens a public hearing on HB 3337.

HB 3337 PUBLIC HEARING

231	Rep. Witt	House District 7. Testifies in support of HB 3337. Compares the word “expenditure” to “exception” and how it relates to the bill. Explains the –1 amendments (EXHIBIT F) .
235	Rep. March	Asks if he would suggest using the word “exception” for tax break.
276	Rep. Witt	Responds probably not. States it could be defined as an exception to a general rule but not as a break.
291	Rep. Wirth	Asks if the word “expenditure” is giving a false impression.
297	Rep. Witt	Yes, it states it creates the impression that government has a right to take the money. Comments you don’t expend money you don’t have and to use the word expenditure is an improper use of language.
312	Rep. Wirth	Comments that other states use the word expenditure. Asks isn’t it more of just educating the public on the difference of the two words.
320	Rep. Witt	Responds the correct wording should be used properly to convey and educate the public on the intent of the bill.
325	Chair Krummel	Ask if he is familiar with the current legislation for an exception tax and would that concept be in direct conflict with HB 3337.
338	Rep. Witt	States this bill is addressing specific use of language in the statute.

353	Rep. Kafoury	Asks if he wants to change the word “expenditure” in all cases.
360	Rep. Witt	Comments he would like to see it changed in all cases.
368	Rep. Kafoury	Gives an example to help clarify the point.
378	Rep. Witt	Concurs.
394	Rich Peppers	Representing SEIU Local 503 and OPEU. Agrees with Rep. Witt in regards to the current Tax Expenditure Reports they are trying to identify whom the tax expenditure is addressing.
418	Chair Krummel	Restates the report would no longer be called the Tax Expenditure Report but the Tax Exception Report. Clarifies that no other changes would be made to the content of information.
424	Rep. Kafoury	Asks if he is familiar with the –1 amendments. Discusses some changes made by the amendments.
439	Peppers	Responds that those sections are important to the meaning of the bill. States he would not be comfortable with those changes and could not support the -1 amendments.

TAPE 60, B

039	Rep. Witt	States if that section is not removed it will undermine the intent of the bill.
056	Peppers	Comments this would shift costs of services onto other groups who pay taxes but are not allowed exemptions.
063	Rep. March	Asks for clarification of tax credits.
068	Rep. Witt	Gives the definition of tax credits.
080	Chair Krummel	Closes public hearing on HB 3337 and opens a work session.

HB 3337 WORK SESSION

087	Rep. Kruse	MOTION: Moves HB 3337 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on School Funding & Tax Fairness/Revenue by prior reference.
		VOTE: 11-0
089	Chair Krummel	Hearing no objection, declares the motion CARRIED.
090	Chair Krummel	Closes the work session on HB 3337 and opens a work session on HB 3540.

HB 3540 WORK SESSION

095	Rep. Hill	MOTION: Moves to ADOPT HB 3540-3 amendments dated 4/23/01 (EXHIBIT G).
		VOTE: 6-5
		AYE: 6 - Brown, Garrard, Hill, Kruse, Smith P., Krummel
		NAY: 5 - Beck, Kafoury, March, Tomei, Wirth
097	Chair Krummel	The motion Carries.
099	Rep. Beck	Comments he will be voting no and feels this is better dealt with at a local level.
100	Rep. March	Comments the legislature should leave this issue to local authorities.
106	Rep. Hill	Explains local governments have ignored the issue. Comments that METRO has stated they will not become involved. States this bill gives them a framework for a solution.
130	Rep. Tomei	Comments that local government should be addressing this issue and not the state legislature.
149	Chair Krummel	Comments this is a statewide problem if we have people traveling long distances and want to ride the transit system but have no place to park. States the public transit system must be made as convenient as possible or the public will not use it.

155	Rep. Hill	MOTION: Moves HB 3540 to the floor with a DO PASS AS AMENDED recommendation. VOTE: 6-5 AYE: 6 - Brown, Garrard, Hill, Kruse, Smith P., Krummel NAY: 5 - Beck, Kafoury, March, Tomei, Wirth The motion Carries.
159	Chair Krummel	
162	Chair Krummel	Closes the works session on HB 3540 and adjourns the meeting at 10:17a.m.

Submitted By,

Reviewed By,

Pamela Johansen,
Committee Assistant

Matt Wingard,
Committee Administrator

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EXHIBIT SUMMARY

- A – HB 3481, written testimony pg. 3, Rep. Randy Leonard, 1p.**
- B – HB 3481, written testimony, Tom O’Connor, 7pp.**
- C – HB 2660, -2 proposed amendments, Staff, 1p.**
- D – HB 2660, written testimony, Joan Fraser, 2pp.**
- E – HB 2660, written testimony, Burton Weast, 33pp.**
- F – HB 3337, -1 proposed amendments, Staff, 1p.**
- G– HB 3540, -3 proposed amendments, Staff, 1p.**