

PUBLIC HEARING AND WORK SESSION: HB 2270

WORK SESSION: HB 2554

TAPES 91 - 92 A

**HOUSE SCHOOL FUNDING AND TAX
FAIRNESS/REVENUE COMMITTEE**

MARCH 19, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:49 arrived)

Representative Deborah Kafoury, Vice Chair (1:54 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Mark Hass

Representative Max Williams (1:47 arrived)

Representative Bill Witt

Members Excused: Representative Alan Brown

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Rep. Tom Butler, Legislative House
District 60

Debra Buchanan, Department of Revenue

Charles Stern, Oregon Association of County Clerks

John DiLorenzo, Portland Attorney

Dexter Johnson, Legislative Counsel

Marge Kafoury, City of Portland

James Hamrick, State Historic Preservation Office

Brad Higbee, Historic Property Owner/Ball

Heidi Henry, Oregon Downtown Development Association

Douglas Ebner, Marion County Tax Assessor

TAPE 91, SIDE A

004 Chair Shetterly Meeting called to order at 1:39

OPENED WORK SESSION ON HB 2554

010 Rep. Tom Butler Spoke to the (-1) amendments, requested by the Department of Revenue. (Exhibit 1)

037 Debra Buchanan Spoke in favor of the (-1) amendments. (Exhibit 1)

LRO Staff Distributed fiscal impact statement. (Exhibit 2)

057 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/19/2001 TO HB 2554 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP.'S BROWN, CARLSON, KAFOURY, WILLIAMS, EXCUSED)**

065 Rep. Witt **MOTION: MOVED HB 2554 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

073 **ROLL CALL VOTE: MOTION PASSED 5-0-4* (Tape 92, Side A, 472 - Williams, Carlson and Kafoury vote aye. VOTE 8-0-1)**

REPRESENTATIVES VOTING AYE: Bates, Beck, Hass, Witt, Chair Shetterly

REPRESENTATIVES EXCUSED: Brown, Williams, Carlson, Kafoury

Rep. Butler will carry the bill.

OPENED PUBLIC HEARING ON HB 2270

079 Chair Shetterly Referenced the sheet providing information regarding the amendments to HB 2270. (Exhibit 3)

Recapped action taken by committee to date:

1. The (-1) amendments have been adopted. (Reference 02/13/2001, Exhibit 5)
2. The (-2) amendments have been adopted. (Reference 03/08/2001, Exhibit 5)
3. The (-3) amendments have been withdrawn. (Reference 03/08/2001, Exhibit 2)
4. The (-4) amendments have been withdrawn in favor of the (-8) amendments. (Reference 03/08/2001, Exhibits 6-7)
5. The (-5) and (-7) amendments have been withdrawn. (Reference 03/08/2001, Exhibits 11 and 13)

OPENED WORK SESSION ON HB 2270

128 Lizbeth Martin- Described the (-6) amendments. (Exhibit 4)
Mahar

132 Charles Stern Spoke in support of the (-6) amendments. (Exhibit 4)

143 Rep. Williams **MOTION: MOVED LC (-6) AMENDMENTS DATED 02/15/2001 TO HB 2270 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**

LRO Staff Distributed Revenue Impact Statements for the (-8), (-11) and (-12) amendments. (Exhibits 5-7)

163 John DiLorenzo Described the (-8) amendments, (Reference 03/08/2001, Exhibit 7), and the (-11) and (-12) amendments, any of which would be acceptable. (Exhibits 8-9)

216 Rep. Beck "My intent in requesting the (-12) amendments was to have whatever was done apply only to

buildings that qualified under the 1999 legislation." (Exhibit 9)

228 Dexter Johnson The (-12) amendments, (Exhibit 9), were drafted with the understanding that HB 2270 was not to:

1. Impact buildings that were subject to section 33.
2. Not affect the specially assessed value of buildings that were subject to historic assessment due to an application filed prior to July 1, 2002.

242 Marge Kafoury Spoke in support of the (-11) amendments. (Exhibit 8)

269 Chair Shetterly Reviewed the reason for the July 1 date proposed in the (-11) amendments. (Exhibit 8)

273 Vice Chair Carlson Requested Kafoury speak to the (-12) amendments. (Exhibit 9)

278 Kafoury Spoke to the (-12) amendments; the July 1, 2002 would extend the date by an additional year. (Exhibit 9)

285 Johnson The 2002 date in the (-12) amendments could be changed to 2001; spoke to significant changes in the (-12) amendments, (Exhibit 9), that are not addressed in the (-8) amendments, (Reference 03/08/2001, Exhibit 7), or the (-11) amendments, (Exhibit 8).

331 Rep. Williams "Changing the date to July 1, 2001 in the (-12) amendments would meet everyone's concerns?" (Exhibit 9)

335 Chair Shetterly "Without creating a differentiation in the way the historic properties are treated?"

338 Johnson Concurred.

340 Rep. Witt Spoke to the intent of the 1995 legislation and questioned if there is not a conflict in expanding out that second 15-year opportunity irrespective of the purpose of the investment.

366 DiLorenzo "The standards for the 15-year reapplication do not change under this measure."

380 Johnson Concurred.

386 Rep. Witt "Significant investment would have had to been

made for any one or more of the stated three purposes for the second 15-year frozen value?"

394 Johnson Referenced page 10, lines 8-16 of the printed measure.

396 Chair Shetterly "I thought the reapplication standards had been changed in 1999 or 1997."

397 Kafoury "Does not recollect that the standards have been changed, the allowance for the second 15-years was added in 1995 for the purposes as explained by DiLorenzo."

398 James Hamrick A reapplication addresses two separate issues not just the seismic, energy and Americans with Disabilities Act issues.

420 Rep. Witt "Has that been consistent since the 1995 statute went into effect?"

425 Hamrick Yes.

427 Chair Shetterly **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE (-12) AMENDMENTS, (Exhibit 7).**

428 Chair Shetterly **MOTION: MOVED TO CONCEPTUALLY AMEND THE (-12) AMENDMENTS TO READ 2001 INSTEAD OF 2002 ON PAGE 1, LINES 5 AND 16. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**

TAPE 92, SIDE A

019 Chair Shetterly **MOTION: MOVED LC (-12) AMENDMENTS DATED 03/16/2001, AS CONCEPTUALLY AMENDED, TO HB 2270 BE ADOPTED.**

021 DiLorenzo Questioned if the language on line 13 of the (-12) amendments, which reads ". . . of this 2001 Act requires a change"; is permissive? Should "permits" replace ""requires"? (Exhibit 9)

026 Johnson "That change would make the statute very clear."

032 Chair Shetterly **MOTION: WITHDREW MOTION TO ADOPT THE (-12) AMENDMENTS, AS CONCEPTUALLY AMENDED.**

- 034 Rep. Williams **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE (-12) AMENDMENTS, (Exhibit 7).**
- 035 Rep. Williams **MOTION: MOVED TO CONCEPTUALLY AMEND THE (-12) AMENDMENTS BY DELETING THE WORD "REQUIRES" AND INSERTING "PERMITS" ON PAGE 1, LINE 13. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**
- 039 Chair Shetterly Read the (-12) amendment, as conceptually amended. (Exhibit 9)
- 045 Chair Shetterly **MOTION: MOVED LC (-12) AMENDMENTS DATED 03/16/2001, AS CONCEPTUALLY AMENDED, TO HB 2270 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**
- LRO Staff Distributed revenue impact statement for the (-9) amendments. (Exhibit 10)
- 058 Rep. Beck The (-9) amendments can be discussed on the Senate side, (Reference 03/08/2001, Exhibit 8).
- 063 Brad Higbee Spoke in support of the (-10) amendments and noted that the (-13) amendments are very similar. (Exhibits 12-13)
- The revenue impact statements for the (-10) and (-13) amendments accurately note the waiver of additional interest for the Ball property. (Exhibits 11 and 14)
- Noted differences in the (-10) and the (-13) amendments; the ending date in §12(c) of the (-10) amendment differs from the (-13) amendments, which eliminates reference to the window, (Exhibits 12-13).
- 125 Chair Shetterly "Your concern with the deletion of the reference to January 1, 2001 in the (-13) amendments would be that this exception is not available until after January 1, 2002 when this bill would become effective?" (Exhibit 13)

- 126 Higbee Concurred.
- 128 Rep. Beck Explained intent in writing the (-13) amendments, (Exhibit 13), the (-10) amendments accomplish my intent, (Exhibit 12). The additional language in the (-13) amendments deals with section numbering, (Exhibit 13).
- 159 Johnson Noted the difference between the (-13) amendments, which are permanent law and the (-10) amendments, which would be a stand-alone section in the statutes. (Exhibits 12-13).
- 168 Kafoury "The reinvestment requirement is in both amendments; it is not necessary to "bracket" the dates, however the effective date does need to be January 1, 2001 to allow Ball to proceed with his application"
- 183 Chair Shetterly Would the applicability issue be solved by deleting ", and before January 1, 2002." and inserting a period after "2001" of the (-10) amendments, (Page 2, Line 10, Exhibit 12)?
- 188 Johnson That would solve the problem.
- 204 Chair Shetterly **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE (-10) AMENDMENTS, (Exhibit 12).**
- 207 Chair Shetterly **MOTION: MOVED TO CONCEPTUALLY AMEND THE (-10) AMENDMENTS BY INSERTING A PERIOD AFTER 2001 ON PAGE 2, LINE 10, AND DELETE THE REMAINDER OF THE LINE. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**
- 218 Chair Shetterly **MOTION: MOVED LC (-10) AMENDMENTS DATED 03/16/2001, AS CONCEPTUALLY AMENDED, TO HB 2270 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BROWN, EXCUSED)**
- 246 Rep. Beck Withdrew the (-14) amendments. (Exhibit 15)
- 243 Heidi Henry Presented testimony in support of measure. (Exhibit 16)

298 Douglas Ebner Presented testimony in support of measure.
(Exhibit 17)

369 Rep. Williams **MOTION: MOVED HB 2270 TO THE
HOUSE FLOOR WITH A DO PASS AS
AMENDED RECOMMENDATION.**

386 Chair Shetterly Reviewed adopted amendments, as follows:

1. The (-1) amendments. (Reference
02/13/2001, Exhibit 5)
2. The (-2) amendments. (Reference
03/08/2001, Exhibit 5)
3. The (-6) amendments. (Exhibit 4)
4. The (-10) amendments as conceptually
amended. (Exhibit 12)
5. The (-12) amendments as conceptually
amended. (Exhibit 9)

425 Rep. Beck Spoke in support of the motion.

LRO Staff Distributed Revenue Impact Statements for the
(-3) amendments. (Exhibits 18)

451 **ROLL CALL VOTE: MOTION PASSED 7-
1-1**

**REPRESENTATIVES VOTING AYE: Bates,
Beck, Hass, Williams, Carlson, Kafoury,
Chair Shetterly**

REPRESENTATIVES VOTING NAY: Witt

REPRESENTATIVES EXCUSED: Brown

Chair Shetterly will carry the bill.

***REOPENED WORK SESSION ON HB 2554**

472 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS
CONSENT TO SUSPEND THE RULES TO
REOPEN THE WORK SESSION ON HB
2554 FOR THE PURPOSE OF ALLOWING
REP. WILLIAMS AND VICE CHAIRS
CARLSON AND KAFOURY, TO VOTE.
HEARING NO OBJECTION, THE CHAIR
SO ORDERED. (ALL MEMBERS
PRESENT EXCEPT REP. BROWN,**

EXCUSED)

**REP. WILLIAMS AND VICE CHAIRS
CARLSON AND KAFOURY BEING
EXCUSED WHEN THE ROLL WAS
CALLED, WERE GRANTED UNANIMOUS
CONSENT TO BE RECORDED AS
VOTING AYE ON HB 2554.**

490 Chair Shetterly Meeting adjourned at 2:38 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2554, (-1) amendment, (DJ/ps) 03/19/01, Department of Revenue, 1 page
2. HB 2554, Fiscal Statement, Waters, 1 page
3. HB 2270, Explanation of Amendments, Martin-Mahar, 2 pages
4. HB 2270, (-6) amendment, (DJ/ps) 02/15/01, Oregon Clerks Association, 1 page
5. HB 2270, (-8) Revenue Impact Statement, Martin-Mahar, 1 page
6. HB 2270, (-11) Revenue Impact Statement, Martin-Mahar, 1 page
7. HB 2270, (-12) Revenue Impact Statement, Martin-Mahar, 1 page
8. HB 2270, (-11) amendment, (DJ/ps) 03/16/01, LRO Staff, 1 page
9. HB 2270, (-12) amendment, (DJ/ps) 03/16/01, LRO Staff, 1 page
10. HB 2270, (-9) Revenue Impact Statement, Martin-Mahar, 1 page
11. HB 2270, (-10) Revenue Impact Statement, Martin-Mahar, 1 page
12. HB 2270, (-10) amendment, (DJ/ps) 03/16/01, Ball, 2 pages
13. HB 2270, (-13) amendment, (DJ/ps) 03/16/01, Rep. Beck, 2 pages
14. HB 2270, (-13) Revenue Impact Statement, Martin-Mahar, 1 page
15. HB 2270, (-14) amendment, (DJ/ps) 03/16/01, Rep. Beck, 1 page
16. HB 2270, Testimony, Henry, 1 page
17. HB 2270, Testimony, Ebner, 1 page
18. HB 2270, (-3) Revenue Impact Statement, Martin-Mahar, 1 page