

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

MARCH 8, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Members Excused: Representative Janet Carlson, Vice Chair

Representative Alan Brown

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Michelle Deister, League of Oregon Cities

James Hamrick, State Historic Preservation Office

John DiLorenzo, Portland Attorney

Dexter Johnson, Legislative Counsel

Marge Kafoury, City of Portland

Brad Higbee, Historic Property Owner/Ball

Sen. Kate Brown, Legislative District 7

John Phillips, Department of Revenue

Shirley Leiper, Department of Revenue

Debra Buchanan, Department of Revenue

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005 Chair Shetterly Meeting called to order at 1:43

OPENED WORK SESSION ON HB 2270

007 Lizbeth Martin- Reviewed amendments, (Exhibit 1), beginning
Mahar with the (-1) amendment, (Reference
02/13/2001, Exhibit 5).

Distributed revenue impacts for the (-3), (-5) and
(-8) amendments. (Exhibits 2-4)

085 Michelle Deister Spoke to the (-1) amendment, (Reference
02/13/2001, Exhibit 5).

094 Chair Shetterly Why was the open house piece removed from
the measure?

095 Deister The interim workgroup voted to remove that
piece from the measure.

099 Rep. Williams **MOTION: MOVED LC (-1)
AMENDMENTS DATED 02/13/2001 TO HB
2270 BE ADOPTED. HEARING NO
OBJECTION, THE CHAIR SO ORDERED.
(ALL MEMBERS PRESENT EXCEPT
VICE CHAIR CARLSON, EXCUSED)**

107 Hamrick Spoke to the (-2) amendments. (Exhibit 5)

127 Rep. Williams **MOTION: MOVED LC (-2)
AMENDMENTS DATED 02/15/2001 TO HB
2270 BE ADOPTED. HEARING NO
OBJECTION, THE CHAIR SO ORDERED.
(ALL MEMBERS PRESENT EXCEPT
VICE CHAIR CARLSON, EXCUSED)**

149 John DiLorenzo Disclosed personal financial interest in this
particular legislation. Noted the differences in
the (-4) and (-8) amendments and would prefer
to speak to the (-8) amendments. (Exhibits 6-7)

240 Rep. Witt "What would happen if the (-8) amendments were not adopted, (Exhibit 7)?"

244 DiLorenzo Relayed conversation DiLorenzo held with Dexter Johnson, Legislative Counsel.

263 Chair Shetterly "Is there a specified effective date in the measure?"

264 DiLorenzo "Not aware of a specified date."

272 Chair Shetterly "Would an earlier effective date be better?"

288 DiLorenzo "I would prefer the language remain as is."

309 Dexter Johnson "The measure would be effective January 1, 2002."

320 Marge Kafoury Noted that there are approximately 67 properties statewide that would be grandfathered by this particular provision; requested if the Committee chose to grandfather properties that they limit it to approximately those 67 properties that are in their second 15 years of their 30-year period.

344 Vice Chair Kafoury Requested clarification on what properties these amendments would impact.

354 Kafoury No.

356 DiLorenzo Described the properties the amendments would apply to.

372 Chair Shetterly Questioned what pending transactions Hamrick is aware of.

379 Hamrick Not privileged to that information unless a prospective buyer is examining whether a project qualifies for a tax incentive.

394 Chair Shetterly Questioned what the application timeline is for a special assessment.

401 Hamrick Described the process and timelines, with July 1 being the "drop-dead" date for properties being transferred.

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005 Chair Shetterly Questions and discussion regarding whether a July 1 date is workable.

018 Hamrick Provided insight on process prior to 1995 of accepting applications year-round; the current measure returns to that process.

021 DiLorenzo Commented on the July 1 cutoff date.

- 035 Kafoury Commented on the July 1 cutoff date.
- 056 Chair Shetterly Requested a cutoff date of July 1 be established to accommodate transactions in the pipeline without creating a rush.
- 094 Vice Chair Kafoury How would people applying for the first special assessment be impacted without the (-8) amendment, (Exhibit 7)?
- 100 Johnson Explained process for the first special assessment application, if the measure passed without the (-8) amendments, (Exhibit 7).
- Reviewed the two current laws that apply for the second reapplication period.
- 132 Rep. Beck Described the (-9) amendments. (Exhibit 8)
- 150 Brad Higbee Distributed testimony for Robert Ball and requested attached conceptual amendment. (Exhibit 9)
- 216 Chair Shetterly Referenced proposed amendment and requested clarification, (Page 3, (b), Exhibit 9).
- 218 Higbee Noted that language is a way to make sure that there is an obligation for a property owner to seriously reinvest in the property.
- 230 Kafoury Noted investments made by the Portland Development Commission, status of the properties and the importance to the City of this project.
- 245 Chair Shetterly Reviewed status of Committee's action today.
- LRO Staff Distributed informational material for member review:
- The (-3) amendments submitted by Tess. (Exhibit 10)
- The (-5) amendments submitted by Burns. (Exhibit 11)
- Listing of five properties, submitted by Burns. (Exhibit 12)
- The (-7) amendments submitted by Staehli. (Exhibit 13)
- Testimony submitted by Ebner. (Exhibit 21)

OPENED WORK SESSION ON HB2208

275 Lizbeth Martin- Reviewed amendments, (Exhibit 14), beginning
Mahar with the (-1) amendment, (Reference
02/26/2001, Exhibit 6).

Distributed a Revenue Impact Statement
referencing the (-2), (-3) and (-4) amendments.
(Exhibit 15)

341 Chair Shetterly Ways and Means Co-Chairs could not give
assurance that full funding could be given to
meet the needs of both the Elderly Rental
Assistance (ERA) and the Non-Profit Homes
needs. The (-4) amendments provide for
prorating of the ERA program, based on that
conversation. (Exhibit 19)

364 Sen. Kate Spoke to the (-3) amendments. (Exhibit 16)
Brown

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005 John Phillips Spoke to the (-2) amendments. (Exhibits.17-18)

041 Rep. Witt Are you suggesting that the maximum amount
that can be earned to qualify for the program be
made the entry level qualifying amount?

044 Phillips Yes.

050 Rep. Witt The same standard would be easier to
administer?

052 Phillips Yes.

056 Rep. Witt Would support the amendment; discussed his
initial intent and how the (-2) amendment would
impact that.

066 Chair Shetterly The potential impact would be a lower payable
benefit to everybody if benefits were prorated?

071 Shirley Lieper Explained Department of Revenue's proposal.

080 Chair Shetterly "If the Ways and Means Committee does not
allocate sufficient funds then you would prorate,
correct?"

082 Lieper We don't prorate now under the deferral
program, it comes out of our Other Funds
revolving account.

084 Rep. Witt Provided historical background to the program.
Noted his concern is the dollar impact that

would need to make it through the Ways and Means Committee.

- 126 Rep. Bates Questions and discussion regarding thresholds for qualifying and remaining on the program.
- 145 Phillips Referenced testimony and other measures that deal with these types of proposals and would request consistency for administration ease, (Page 3, Exhibit 18).
- 163 Debra Buchanan Noted that the ERA program has some proposed options to bring forward for funding, one of which would be prorating and how amendments to this measure might interact with SB 425.
- LRO Staff Distributed the (-4) amendments. (Exhibit 19)

OPENED WORK SESSION ON HB 2347

- 200 Lizbeth Martin- Mahar Reviewed prior discussion on the measure and referenced the (-1) amendment presented at the last meeting, (Reference 02/27/2001, Exhibit 2).

Distributed the fiscal impact statement. (Exhibit 20)

- 211 Vice Chair Kafoury **MOTION: MOVED LC (-1) AMENDMENTS DATED 02/27/01 TO HB 2347 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT VICE CHAIR CARLSON, EXCUSED)**

- 219 Vice Chair Kafoury **MOTION: MOVED HB 2347 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

- 228 **ROLL CALL VOTE: MOTION PASSED 7-0-2**

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

REPRESENTATIVES EXCUSED: Brown, Carlson

Rep. Witt will carry the bill.

- 244 Chair Shetterly Meeting adjourned at 2:56 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2270, Explanation of Amendments, Martin-Mahar, 2 pages
2. HB 2270, (-3) Revenue statement, Martin-Mahar, 1 page
3. HB 2770, (-5) Revenue statement, Martin-Mahar, 1 page
4. HB 2270, (-8) Revenue statement, Martin-Mahar, 1 page
5. HB 2270, (-2) amendment, (DJ/ps) 02/15/01, Hamrick, 1 page
6. HB 2270, (-4) amendment, (DJ/ps) 02/15/01, DiLorenzo, 1 page
7. HB 2270, (-8) amendment, (DJ/ps) 02/28/01, DiLorenzo, 1 page
8. HB 2270, (-9) amendment, (DJ/ps) 03/08/01, Rep. Beck, 17 pages
9. HB 2270, Testimony from Ball, Higbee, 8 pages
10. HB 2270, (-3) amendment, (DJ/ps) 02/15/01, Tess, 2 pages
11. HB 2270, (-5) amendment, (DJ/ps) 02/15/01, Burns, 1 page
12. HB 2270, Listing of Properties, Burns, 1 page
13. HB 2270, (-7) amendment, (DJ/ps) 02/16/01, Staehli, 2 pages
14. HB 2208, Explanation of Amendments, Martin-Mahar, 1 page
15. HB 2208, Revenue Impact Statement, Martin-Mahar, 1 page
16. HB 2208, (-3) amendment, (DJ/ps) 03/06/01, Sen. Brown, 2 pages
17. HB 2208, (-2) amendment, (DJ/ps) 03/06/01, Department of Revenue, 4 pages
18. HB 2208, Testimony, Phillips, 3 pages
19. HB 2208, (-4) amendment, (DJ/ps) 03/06/01, Department of Revenue, 2 pages
20. HB 2347, Fiscal Impact Statement, LRO Staff, 1 page
21. HB 2270, Testimony, Ebner, 1 page