

April 25, 2001

TAPES 152 153 SIDES: A/B

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

April 25, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair (Arrived 1:40 pm)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (Arrived 1:45 pm)

Members Excused: Representative Vice Chair Janet Carlson

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Jennifer Wells, Committee Clerk

Witnesses: Andy Jordan, Bend, Oregon, Chief of
Police

Les Stiles, Deschutes County Sheriff

Dennis Luke, Deschutes County Commissioner

John Phillips, Department of Revenue

Bill Swindells, Oregon Public Broadcasting

Tony VanVliet, Oregon Public Broadcasting

Bill Campbell, Southern Oregon Public Television

Paul Phillips, Smart Growth Coalition

Doug Goe, Ater Wynne LLP,

Mike Dewey, Legislative Advocate for Waste Management, Inc.

Tamara Townsend, Cable Huston

Jeff Wright, Oregon Public Broadcasting

TAPE 152, SIDE A

005 Chair Shetterly Meeting called to order at 1:25 pm

OPENED PUBLIC HEARING ON HJR 45

018 Senator Bev Clarno Introduces Dennis Luke, Les Stiles and Andy Jordon

035 Martin-Mahar This bill Amends the Oregon Constitution to allow a local taxing district to divide its district into tax zones and establish a permanent tax rate limit for each tax zone. If the majority of voters in the taxing district approve the measure, each tax zone can have a different tax rate limit.

074 Dennis Luke Presented testimony in support of measure. (Exhibits 3-6)

153 John Stiles Spoke in support of the measure. This is the only one that allows for a fair and equitable way to access costs for services being provided.

161 Andy Jordan This kind of funding is the best way to serve our

local tax payers. This bill will allow Deschutes County to set a permanent tax district and then collect fees that are fair for the city tax payers. These services are very important to our community.

263 Rep Bates Questions and discussion regarding measure.

317 Chair Shetterly Appreciates background materials that were presented. (Referring to Exhibits 3-6).

CLOSED PUBLIC HEARING ON HJR 45

OPENED PUBLIC HEARING ON HB 3458

342 Martin-Mahar Allows county service districts to establish tax zones if local voters approve the zones. Different property tax rates can be established in each tax zone. The tax zones must be based on qualitative differences in the services provided to taxpayers in each zone. Outlines the requirements for the notice of the public hearing, which includes the estimated percentage of total amount of taxes that will be collected in each tax zone. Requires governing boards, which decide to establish tax zones, to submit to voters a measure establishing the zones, boundaries and the permanent property tax rate applied in each zone. The majority of the voters in the county service district must approve the tax zones.

396 John Phillips This bill deals with narrowly county service districts but for any districts that would want to establish zones. Department of Revenue suggests to simply trigger a notice to the county assessor with a filing of a map and a legal boundary description and the service districts can change the records.

Closed public hearing on HB 3458

Opened up Public Hearing on 3700

456 Richard Yates Allocates a maximum of \$8 million to Oregon Public Broadcasting for the 2001 - 2003 biennium from lottery revenue. Allocation is to pay expenses for the conversion to digital broadcasting. Allocation is subject to availability of funds. Takes effect July 1, 2001.

TAPE 153 SIDE A

009 Rep Ben Westlund Spoke in support of the measure

065 Rep Bill Witt Why is it worthwhile to provide public moneys to Oregon Public Broadcasting (OPB)?

070 Rep Ben Westlund The quality of programming and educational content consistently available. OPB creates a broad diverse level of programming.

050 Bill Swindell Responds to Rep Witt question. The key component of Public Broadcasting is that it is non-commercial. Public Broadcasting is content driven with content being in the interest of the viewer or the listener. Children's Broadcasting is the most glaring example. This measure is an economic and practical solution and we support it.

104 Bill Campell OPB provides public television to the State of Oregon. OPB has an additional mission and that is to provide local programs and non broadcasting programs relating services to the viewers of Southern Oregon.

137 Tony Vanvliet Spoke in support of the measure (Exhibit 11)

202 Rep Witt Continued questions and discussion

300 Tony Vanvliet Often digital television is confused with high definition television. This technology will not

require consumers to go out and acquire very expensive equipment to receive it. There will be a great deal of consumer choice.

347 Jeff Wright PRESENTS VIDEO PRESENTATION

CLOSED PUBLIC HEARING ON HB 3700

OPENED WORKSESSION ON HB 3700

437 Rep Bates **MOTION: MOVED (-1) AMENDMENTS TO HB 3700.**

440 Chair, Shetterly **ORDER: WITHOUT FURTHER DISCUSSION OR OBJECTION HB 3700 (-1) AMENDMENTS ARE ADOPTED.**

450 Rep Bates **MOTION: MOVED HB 3700 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND A SUBSEQUENT REFERRAL TO WAYS AND MEANS.**

468 Chair, Shetterly **ORDER: HEARING NO OBJECTION, THE MOTION PASSES TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND A SUBSEQUENT REFERRAL TO WAYS AND MEANS.**

ROLL CALL VOTE: (8-0-1) VOTING AYE REPRESENTATIVES BATES, BECK, BROWN, HASS, WILLIAMS, WITT, KAFOURY, CHAIR SHETTERLY. EXCUSED: VICE CHAIR CARLSON

OPENED PUBLIC HEARING ON HB 3187

Tape 152 Side B

060 Richard Yates This is dealing with private activity bonds. In chapter ORS 286 the provisions which set up a private activity bond committee. The purpose

being essentially to decide and to allot under the federal limitation, private activity bonds will be essentially subject or illegible for federal income tax exemption. This bill adds to the list of bonds that are dealt with by the private activity bond committee. Bonds that deal with waste and recycling collection.

- 065 Mike Dewey Want to clarify that within the term waste management for the private bond activity program that waste and recycling collection would be included.
- 085 Doug Goe This allows the Oregon Economic and Community Development Department with the statutory authority to issue private activity bonds for solid waste disposal facilities and related activities. Companies must still compete for the allocation of these private activity bonds and have their application approved by the department. This allows the department and counties with the authority to conduct bond financed leasing programs with private companies. These leasing programs may be conducted outside of the private activity volume cap context, which will allow those volume cap funds to be used for other projects such as low income housing. (Exhibit 14)
- 175 Tamara Townsend This bill will allow waste management to compete for volume cap these private activity bonds. If approved they would then submit an application to The Oregon Economic Community and Development Department. They would use these bond proceeds to finance improvement to landfills, additional vehicles, fleet, machinery, improved liner systems, etc.
- 224 Rep Hass Waste Management is already in there. How is that different then what you want to add?
- 265 Doug Goe It is just a clarification.

300 Rep Beck Are company's expecting some hard vast savings from this?

308 Tamara Townsend I can provide you an analysis on what type of financing benefits this brings.

CLOSED HB PUBLIC HEARING ON HB 3187

OPENED PUBLIC HEARING ON HB 2730

353 Ed Waters Creates an income tax credit for investments and tangible personal property. Credit is 10% of qualified investments, with a seven year carry forward. Amount of credit taken in a tax year, including amounts carried forward from prior years, can not exceed 25% of taxpayer's liability. Applies to investments placed in service on or after January 1, 2002.

366 Paul Phillips The State of Oregon needs a strong economic development policy in order to stimulate our economy. By implementing tax strategies like HB 2730, we will become more attractive to business outside the state and will encourage businesses inside the state to increasingly re invest here.

TAPE 153 SIDE B

019 Rep Kafoury The larger company's would not benefit can you explain that?

025 Paul Phillips That is strictly based on what has happened in other states and when the federal government had the 10% I.T.C. Most of these programs are targeted towards emerging business's. This is one way to help medicate the cost of capital.

047 Rep Witt When this provision was available and the federal tax code, it had the impact of making it more affordable and creating an incentive for the business's to buy to invest in more productive equipment. Thus with that more productive equipment. It would drive up wages, drive up output, drive up economic growth and activity.

105 Paul Phillips If you can't afford capital investment, you can't afford modern or newer equipment, your ability to expand jobs and market place are limited to.

120 Rep Witt Suggests that the committee take this basic bill and run through a few different scenarios. 1) Limiting this to a certain extent to smaller business or newer business. 2) Tapping the amount of the credit.

135 Rep Bates Do other states have this?

144 Paul Phillips Yes other states do have this.

CLOSED PUBLIC HEARING ON HB 2730

160 Chair, Shetterly Meeting Adjourned at 3:00 pm

Submitted by, Reviewed by,

Jennifer Wells Kim Taylor James

Committee Clerk Revenue Office Manager

Exhibit Summary:

1. HJR 45, Revenue Impact of Proposed Legislation, Martin-Mahar, Economist, 1 page
2. HJR 45, Staff Measure Summary, Martin-Mahar, Economist, 1 page
3. HJR 45, Testimony, City of Bend, OR, 2 pages
4. HJR 45, Testimony, City of Bend, OR, 4 pages
5. HJR 45, Testimony, Deschutes County, Bend, OR, 2 pages
6. HJR 45, Testimony, Dennis Luke, 3 pages
7. HJR 45, Testimony, Les Stiles, 2 pages
8. HB 3458, Revenue Impact of Proposed Legislation, Martin-Mahar, Economist, 1 page
9. HB 3458, Staff Measure Summary, Martin-Mahar, Economist, 1 page
10. HB 3700, Staff Measure Summary, Richard Yates, Economist, 1 page
11. HB 3700, (-1) Amendments, (CJC/lw/ps) 03/30/01, Richard Yates, Economist, 1 page
12. HB 3700, Testimony, Oregon Public Broadcasting, 20 pages
13. HB 3187, Staff Measure Summary, Richard Yates, Economist, 1 page

14. HB 3187, Testimony, Dewey, Goe, Townsend, 5 pages
15. HB 2730, Staff Measure Summary, Ed Waters, Economist, 1 page
16. HB 2730, (-1) Amendments, (DJ/hm/ps) 03/28/01, Ed Waters, Economist, 1 page
17. HB 2730, Testimony, Paul Phillips, 1 page
18. HB 2730, Testimony, Paul Phillips, 1 page
19. HB 3405, (-2) Amendments (DJ/ps) 4/25/01, Dick Yates, Economist, 9 pages