

**PUBLIC HEARING AND WORK SESSION: HJR 45; HB 3187, HB 3405**

**WORK SESSION: HB 2300**

**TAPES 185 — 186 A/B**

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

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**MAY 17, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:17 arrived)

Representative Deborah Kafoury, Vice Chair (1:17 arrived)

Representative Alan Bates (1:24 arrived)

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:23 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Steve Meyer, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Jean Thorne, Governor's Office

Mike Dewey, Waste Management

Doug Goe, Ader-Winn Law Firm

Tamara Townsend, Cable Huston

Mark Huston, Oregon Economic and Community  
Development

Ross Cornelius, Portland Development Commission

Bob Repine, Oregon Housing and Community  
Services

**TAPE 185, SIDE A**

006 Chair Shetterly Meeting called to order at 1:16 p.m.

**OPENED WORK SESSION ON HB 2300**

021 Jean Thorne Reviewed the purpose of the measure and  
addressed issues from the February 8 hearing.  
Spoke in support of the measure, as amended by  
the (-2) amendments. (Exhibit 1)

LRO Staff Distributed Staff Measure Summary. (Exhibit 2)

079 Chair Shetterly **MOTION: MOVED HB 2300 TO THE  
HOUSE FLOOR WITH A DO PASS  
RECOMMENDATION AND THE BILL BE  
REFERRED TO THE JOINT COMMITTEE  
ON WAYS AND MEANS BY PRIOR  
REFERENCE.**

080 Chair Shetterly **MOTION: REQUESTED UNANIMOUS  
CONSENT TO WITHDRAW MOTION  
WHEREBY HB 2300 WAS MOVED TO  
THE HOUSE FLOOR WITH A DO PASS  
RECOMMENDATION. HEARING NO  
OBJECTION, THE CHAIR SO ORDERED.  
(ALL MEMBERS PRESENT EXCEPT Bates  
and Witt, EXCUSED)**

083 Chair Shetterly **MOTION: MOVED LC (-2)  
AMENDMENTS DATED 04/11/2001 TO HB  
2300 BE ADOPTED. HEARING NO  
OBJECTION, THE CHAIR SO ORDERED.  
(ALL MEMBERS PRESENT EXCEPT Bates  
AND Witt EXCUSED)**

086 Chair Shetterly **MOTION: MOVED HB 2300 TO THE  
HOUSE FLOOR WITH A DO PASS AS  
AMENDED RECOMMENDATION AND  
THE BILL BE REFERRED TO THE JOINT  
COMMITTEE ON WAYS AND MEANS BY  
PRIOR REFERENCE.**

- 088 Rep. Beck Spoke in opposition to the motion.
- 089 Vice Chair Carlson Would have a greater comfort level with a "without recommendation" motion.
- 094 Chair Shetterly **AMENDED MOTION: MOVED HB 2300 TO THE HOUSE FLOOR WITHOUT RECOMMENDATION AS TO PASSAGE AND THE BILL BE PRINTED ENGROSSED AND REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS BY PRIOR REFERENCE.**
- 110 **ROLL CALL VOTE: MOTION PASSED 9-0-0**
- REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Williams, Witt, Carlson, Kafoury, Chair Shetterly**

**OPENED PUBLIC HEARING ON HB 3187**

- 117 Richard Yates Reviewed discussion from the April 25 hearing and provided background material. (Exhibit 3)
- 130 Mike Dewey Spoke in support of the measure, as amended by the (-2) amendments. (Exhibit 4)
- 149 Doug Goe Described how the program works and how the interests compete with each other in terms of the various allocations from Economic Development and the private activity fund itself.
- 246 Rep. Hass Questions and discussion regarding how the citizens of Oregon benefit by the passage of this measure — further questioned if the savings provided would in turn be passed on to the customer?
- 282 Tamara Townsend Yes.
- 286 Dewey Spoke to the competitiveness in the landfill business and the ability to compete more economically with lower costs.
- 330 Rep. Hass Noted that nothing in the measure states savings to waste management would be passed on to the consumer.
- 333 Townsend Reviewed the (-2) amendments, section by section, (Exhibit 4).
- 342 Vice Chair Requested further explanation of "lease

Kafoury payment".

357 Townsend Clarified how lease payments would work within this piece, continued with section by section review of the (-2) amendments, §3, (Page 1, Exhibit 4).

377 Vice Chair Carlson Questioned the "not limited to" language in §3 and whether that expands the scope of the definition, (Page 1, Lines 19-20, Exhibit 4)?

379 Townsend The intent was to have it be related to the solid waste disposal facilities.

380 Chair Shetterly Where did that language come from?

383 Dewey We included that language, but it is not critical.

383 Townsend Continued with section by section review of the (-2) amendments, §4, (Page 2, Exhibit 4).

415 Chair Shetterly Referenced language in §4, (2) and questioned if there are other findings that the Commission is required to make by statute, (Page 2, Line 22, Exhibit 4)?

418 Dewey Yes.

**TAPE 186, SIDE A**

003 Townsend Continued with section by section review of the (-2) amendments, §5, (Page 4, Lines 20-22, Exhibit 4).

010 Chair Shetterly "Federal tax ownership" has specific meaning, (Page 4, Line 21, Exhibit 4)?

015 Goe There is a body of law that addresses "federal tax ownership".

023 Townsend Continued with section by section review of the (-2) amendments, §6, (Pages 4-5, Exhibit 4).

040 Chair Shetterly What is the policy consideration in both §6 and §7 for exempting these from ORS chapter 279?

042 Townsend In the context of these types of activities the government is not purchasing these for themselves, but for the private corporations use of a tax exempt financing. Spoke to the one program specifically targeted use for this type of financing.

047 Dewey Spoke to the importance of the waste management industry to have the lease back arrangement; affording the purchase of more

energy efficient vehicles.

Spoke to the concerns the housing advocates will have about the volume cap and noted the intent of the waste management industry is not to, over time, usurp the volume cap.

- 067 Rep. Hass What would happen if waste management defaulted on these bonds?
- 073 Goe Explained how the bonds are structured.
- 080 Chair Shetterly These do not have full back and obligation from a governmental jurisdiction?
- 082 Goe No.
- 087 Townsend Spoke to a second layer of protection provided in case of default.
- 091 Rep. Bates Questions and discussion regarding where the public good is in this measure.
- 143 Rep. Witt Does this measure provide any competitive advantage to waste management that other potential competitors would not have?
- Chair Shetterly Left at 1:54 p.m., passed gavel to Vice Chair Kafoury.
- 144 Townsend No.
- 150 Rep. Witt Under this measure any company that participates in these activities and wants to make these investments and raise money through this bond mechanism would have an equal opportunity to do that?
- 152 Townsend Yes.
- 154 Mark Huston Spoke to the measure; no position taken. (Exhibit 5)
- 186 Rep. Witt Clarified that the witness is neutral to the measure.
- 194 Huston The Governor or an Agency is not advancing this measure.
- 203 Rep. Witt Do you believe this measure is in anyway an inappropriate use of bonding authority and would it create an inappropriate advantage for one company over another?
- 210 Huston There is no inappropriateness in the measure although there are prioritization issues and it

does not allow one company to have an advantage over another, based on my experience.

- 243 Ross Cornelius Presented testimony in opposition to measure and the (-2) amendments. (Exhibits 4 and 6)
- 376 Rep. Witt What provisions in the (-2) amendments do you feel would take away from a level playing field, (Exhibit 4)?
- 387 Cornelius Cited concerns with §4 of the (-2) amendments and the exemption from the competitive bidding requirements, (Exhibit 4).
- 410 Rep. Witt Cited the provisions in §4 of the (-2) amendments — in ORS 285A.055 there are six specific findings that must be made. Believes that the proponents would say that the first two findings, which are the only ones they would be exempted from, don't apply in this situation, (Page 2, Lines 21-24, Exhibit 4).

#### **TAPE 185, SIDE B**

- 010 Rep. Witt Would like the waste management industry to respond specifically to the issue of competition for the bonds?
- 018 Cornelius Questioned Rep. Witt as to whether the exemptions would apply to every other company that came in?
- 023 Rep. Witt Believes it would apply to only people who provide specific kinds of services would be exempt from the specific findings.
- 030 Dewey Spoke to the access of private activity bond fund and the allocation of dollars.
- Spoke to Oregon Housing and Community Services (OHCS) housing allocation and the cap and if the life of the measure hinges on the housing allocation we are willing to remove those provisions.
- Spoke to the two critical pieces of the (-2) amendments for waste management, (Exhibit 4):

1. The lease back provision.

2. Section 7, (3), (Pages 6-7, Exhibit 4).

|     |                 |       |  |
|-----|-----------------|-------|--|
| 064 | Vice<br>Carlson | Chair | Requested types of activities that would fall within the volume cap and what is the scope of dollars.  |
| 068 | Dewey           |       | Waste management is eligible for certain kinds of projects under the current criteria in the private bond activity fund, but spoke to how the cap works. Does not know the type of dollars that are being sought, but having the lease back in the statute and the opportunity for the counties to come together does not change anything on the volume cap. |
| 082 | Goe             |       | Spoke to what is exempt from the volume cap and what would be subject to the volume cap — explained current competition for volume cap allocated to a governmental agency.   |
| 120 | Vice<br>Carlson | Chair | Questions and discussion regarding value of a landfill.  |
| 131 | Dewey           |       | Restated what waste management needs from this legislation.  |
| 146 | Yates           |       | Technically §1 would be deleted from the measure?  |
| 149 | Dewey           |       | There would be some other changes.   |
| 161 | Bob Repine      |       | Spoke in opposition to the measure — noted the policy decision that needs to be made.  |
| 244 | Rep. Beck       |       | Requested Repine's comments on Dewey's offer to limit the scope of the measure.  |
| 256 | Repine          |       | Cannot speak knowledgeably to that because is not versed in solid waste management, but would be willing to participate in that discussion.<br><br>Questions and discussion regarding how to meet the needs of the "housing advocates" and the waste management industry.  |
| 344 | Rep. Witt       |       | Couldn't the measure be moved along and this issue addressed on the Senate side?   |
| 356 | Dewey           |       | Pledged to keep the status quo as it relates to the bonding program today and the measure that would come back would encompass the lease   |

back and county arrangements.

- 366 Rep. Witt           The understanding would be that if these specific issues were not addressed in the Senate the House would not concur.
- 372 Dewey               Concurred.
- 384 Vice           Chair Spoke to a comfort level of seeing the proposal  
Kafoury               prior to moving the measure.

**OPENED PUBLIC HEARING ON HB 3405**

- 400 Richard Yates       Reviewed the measure, which deals with the penalty provisions on declassification of forestland and in particular with the case where conservation is allowed on the land. Reviewed the original measure and noted the (-3) amendments are intended to move the measure and the issues to be resolved will be addressed on the Senate side. (Exhibit 7)

**TAPE 186, SIDE B**

- 009 Rep. Beck           Spoke to Rep. Devlin's original measure and his desire to add amendments that would allow landowners to obtain a commitment from the county as to how their property would be assessed if they put conservation easement on their property. There are provisions for the landowner reimbursing the county for any costs associated with doing that. Rep. Devlin suggested that this non-controversial piece be added and sent over to the Senate.
- 023 Yates               The (-3) amendments replace the measure. (Exhibit 7)?
- 025 Rep. Beck           Concurred.
- 027 John Phillips       Spoke to concerns on the (-3) amendments and how it might dovetail into the special assessment programs for all of the rest of the property tax system; but can work with the measure on the Senate side. (Exhibit 7)
- 036 Rep. Beck           Doesn't believe this measure would involve special assessment; these particular provisions pertain strictly as to how property will be appraised by the county if a conservation easement is placed on a property.
- 053 Rep. Witt           The intent is to provide information to landowners advance knowledge as to property



value changes prior to making a conservation easement?

- 060 Rep. Beck            Concurred.  
    Chair Shetterly    Returned at 2:41 p.m., Vice Chair Kafoury retained gavel.
- 064 Rep. Witt            Rep. Devlin is aware that the (-3) amendments replace his measure and believes his issues can be addressed in the Senate, (Exhibit 7)?
- 070 Rep. Beck            Yes.
- 075 Phillips            Referenced language in the (-3) amendments and the use of "real market" rather than "assessed value", but the policy should work, (Page 4, Line 5, Exhibit 7).

#### **OPENED WORK SESSION ON HB 3405**

- 081 Rep. Beck            **MOTION:        MOVED        LC        (-3)  
                         AMENDMENTS DATED 05/03/2001 TO HB  
                         3405 BE ADOPTED. HEARING NO  
                         OBJECTION, THE CHAIR SO ORDERED.**
- 083 Rep. Beck            **MOTION: MOVED HB 3405 TO THE  
                         HOUSE FLOOR WITH A DO PASS AS  
                         AMENDED RECOMMENDATION.**
- 090                        **ROLL CALL VOTE: MOTION PASSED 0-  
                         0-0**
- REPRESENTATIVES VOTING AYE: Bates,  
                             Beck, Brown, Hass, Williams, Witt, Carlson,  
                             Kafoury, Chair Shetterly**

**Rep. Beck will carry the bill.**

#### **OPENED PUBLIC HEARING ON HJR 45**

No testimony presented.

#### **OPENED WORK SESSION ON HJR 45**

- 106 Lizbeth Martin-    Described what the measure does and provided  
    Mahar                background material. (Exhibit 8)
- 117 Rep. Witt            **MOTION: MOVED HJR 45 TO THE  
                         HOUSE FLOOR WITH A DO ADOPT  
                         RECOMMENDATION.**
- 122 Rep. Beck            Spoke to his concerns in referring a property tax change to the public and not trying collectively to accomplish modest changes to the property

tax system.

- 140 Rep. Witt Noted Rep. Beck's concerns, but spoke in support of the motion based on testimony from Deschutes County.
- 159 Rep. Beck Noted that this is the only property tax referral and requested that if the measure can be enhanced on the Senate side it be done.
- 171 Chair Shetterly Spoke to the motion and ways to address Rep. Beck's concerns while maintaining the integrity of the Deschutes County issue.
- 200 Vice Chair Spoke to opposition at the ballot box from one of the counties affected last session and noted that if this is passed out this session she hopes it is supported at the ballot box.
- Kafoury

207 **ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

**REPRESENTATIVES EXCUSED: Bates**

**Rep. Knopp will carry the resolution.**

**OPENED WORK SESSION ON HB 3187**

- 225 Vice Chair **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE (-2) AMENDMENTS, (Exhibit 4). HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Bates and Witt, EXCUSED)**
- Carlson
- 236 Vice Chair **MOTION: MOVED TO CONCEPTUALLY AMEND THE (-2) AMENDMENTS, (Exhibit 4) BY DELETING ", BUT IS NOT LIMITED TO," ON PAGE 2, LINE 4, AFTER "ECONOMIC DEVELOPMENT PROJECT' INCLUDES" AND BY INSERTING ", WHEN THE PROJECT DOES NOT REQUIRE ANY PRIVATE ACTIVITY VOLUME CAP UNDER ORS 286.605 TO ORS 286.645." ON PAGE 2, LINE 24, AFTER THE WORD "EQUIPMENT".**
- Carlson

257 Vice Chair Requested the opponents speak to the whether  
Carlson this language addresses the issues raised.

260 Repine Yes.

261 Vice Chair Restated motion to conceptually amend the (-2)  
Kafoury amendments, (Exhibit 4).

262 **HEARING NO OBJECTION, THE CHAIR  
SO ORDERED.**

279 Vice Chair **MOTION: MOVED LC (-2)  
Carlson AMENDMENTS DATED 05/17/2001 TO HB  
3187, AS CONCEPTUALLY AMENDED,  
BE ADOPTED. HEARING NO  
OBJECTION, THE CHAIR SO ORDERED.**

281 Vice Chair **MOTION: MOVED HB 3187 TO THE  
Carlson HOUSE FLOOR WITH A DO PASS AS  
AMENDED RECOMMENDATION.**

288 **ROLL CALL VOTE: MOTION PASSED 9-  
0-0**

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

**Rep. Witt will carry the bill.**

305 Vice Chair Meeting adjourned at 2:58 p.m.  
Kafoury

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2300, (-2) amendment, (DJ/ps) 04/11/01, Thorne, 3 pages
2. HB 2300, (-2) Staff Measure Summary and Revenue Impact statement, Meyer, 2 pages
3. HB 3187, Staff Measure Summary and Revenue statement, Yates, 2 pages
4. HB 3187, (-2) amendment, (BHC/tm/ps) 05/17/01, Dewey, 7 page
5. HB 3187, Testimony, Huston, 1 page
6. HB 3187, Testimony, Cornelius, 2 pages
7. HB 3405, (-3) amendment, (DJ/ps) 05/03/01, Rep. Devlin, 4 pages

8. HJR 45, Fiscal statement, LRO Staff, 1 page