

PUBLIC HEARING AND WORK SESSION: HB 2980 A-ENG.

WORK SESSION: HB 2272, HB 2730

TAPES 187 - 188 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MAY 18, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:44 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass (2:23 arrived)

Representative Max Williams (1:48 arrived)

Representative Bill Witt (1:56 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: John Chandler, Oregon Building Industries
Association

Michelle Deister, League of Oregon Cities

Doris Penwell, Oregon Economic and Community
Development Department

Debra Buchanan, Department of Revenue

Fawn McNeely, Smart Growth Coalition

TAPE 187, SIDE A

006 Chair Shetterly Meeting called to order at 1:42 p.m.

OPENED PUBLIC HEARING ON HB 2980 A-ENG.

018 Lizbeth Martin- Described what the measure does and provided
Mahar background material and the (-A2) and (-A4)
amendments. (Exhibits 1-3)

Distributed Staff Measure Summary from the
House Smart Growth and Commerce Committee
and fiscal statement. (Exhibit 4)

064 John Chandler Presented testimony in support of measure and
reviewed the (-A4) amendments section by
section. (Exhibit 3 and 5)

Chair Shetterly Left at 1:50 p.m., passed gavel to Vice Chair
Carlson.

LRO Staff Distributed submitted testimony:

1. City of Salem, submitted by Robert Wells.
(Exhibit 6)
2. Clackamas County, submitted by B. J.
Smith. (Exhibit 7)

215 Michelle Deister Spoke in support of the measure and the (-A4)
amendments. (Exhibit 3)

Chair Shetterly Returned at 1:59 p.m.; resumed gavel.

234 Vice Chair Do the (-A4) amendments meet the City of
Carlson Salem's concerns, (Exhibits 3 and 6)?

242 Deister I believe that the (-4) amendment addresses
some of their concerns, (Exhibits 3 and 6).

255 Vice Chair Requested Chandler review the letter and
Carlson address the City of Salem's concerns on the
Senate side.

262 Chair Shetterly The League of Oregon Cities has signed off on

the (-A4) amendments, (Exhibit 3)?

- 264 Deister This represents a good bill, as amended by the (-A4) amendments, for the majority of the cities, (Exhibit 3).
- 266 Chandler The City of Portland has been involved in the System Development Charge (SDC) discussions.
- 268 Rep. Beck Referenced a lawsuit and questioned if this measure would have any bearing on that lawsuit.
- 275 Chandler No.

OPENED WORK SESSION ON HB 2980 A-ENG.

285 Rep. Witt **MOTION: MOVED LC (-A4) AMENDMENTS DATED 05/18/2001 TO HB 2980 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Hass, EXCUSED)**

288 Rep. Witt **MOTION: MOVED HB 2980 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

290 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Hass

Rep. Witt will carry the bill.

OPENED PUBLIC HEARING ON HB 2730

311 Ed Waters Described the (-5) amendments, which are a result of the conceptual discussion at the May 10 meeting and noted areas that still need clarification, (Exhibits 8-9):

1. Specify use of unemployment rates to be used for counties, but the interval is not specified, (i.e. monthly or annual).
2. The distressed area criteria used for designation of the larger credit applies to 18 counties and communities in other

counties; may need to indicate how that was meant to apply.

- 376 Rep. Witt Requested clarification on the "distressed county" piece.
- 382 Waters "The distressed area indexed developed by the Oregon Economic and Community Development Department (OECDD) applies to both counties and sub-county jurisdiction. Currently there are 18 county-wide areas that apply, as well as individual communities within 18 other counties that fall under the distressed area category."
- 385 Rep. Witt "In one form another every county has a distressed area?"
- 386 Waters Yes.
- 390 Chair Shetterly That addresses Rep. Bates concerns from the last hearing.
- LRO Staff Distributed a handout listing "Distressed Areas and Associated Index Values" from the Oregon Economic and Community Development Department. (Exhibit 10)
- Questions and discussion regarding "distressed areas" and whether the (-5) amendment addresses all of the concerns or not.
- 441 Rep. Witt Spoke to the two areas that need to be addressed in language and his belief that:
1. The rate should be the one in effect at the time the application is made.
 2. How would the Department of Revenue handle the "rolling" aspect of the measure.
- 443 Debra Buchanan That was the concern raised, referenced the (-5) amendments and noted if the language "estimated claims for credit for all" was deleted it would be a matter of first in first out, (Page 2, Line 23, Exhibit 9).

- 022 Rep. Witt Offered to work with the Department of Revenue to address specific concerns on the Senate side.
- 026 Chair Shetterly Is it that simple, if so it could be done conceptually?
- 028 Buchanan "It is my opinion that the deletion of those words would allow for whoever is first gets it up to a million dollar cap per biennium."
- 035 Rep. Witt Questioned Buchanan on language regarding to the issue of the rate at what point in time; could language be inserted to the effect of the unemployment rate at the time the application was made would become controlling relative to being eligible for an investment tax credit.
- 041 Buchanan That would meet Department of Revenue's needs, if that works for OECDD.
- 043 Doris Penwell Concurred with Rep. Witt's proposal on the rate.
Questions and discussion regarding places that the changes would need to be made in the (-5) amendments, (Exhibit 9).
- 076 Fawn McNeely Noted that originally the measure was meant to be a 20% tax credit in areas with 4% or higher unemployment at a maximum of \$50,000; had discussed a conceptual amendment with Rep. Witt.
- 081 Rep. Witt I'm comfortable with it either way.
- 085 Chair Shetterly Does not have a strong feeling either way, but it can be addressed on the Senate side.
- 094 Chair Shetterly **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 Hass, EXCUSED)**
- 098 Rep. Witt **MOTION: MOVED TO CONCEPTUALLY AMEND (-5) AMENDMENTS, (EXHIBIT 9), BY INSERTING "AT THE TIME THE APPLICATION IS MADE" ON PAGE 1, LINE 18, AFTER "RATE". HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Hass, EXCUSED)**

106 Rep. Witt **MOTION: MOVED TO CONCEPTUALLY AMEND (-5) AMENDMENTS, (EXHIBIT 9), BY INSERTING "AT THE TIME THE APPLICATION IS MADE" ON PAGE 1, LINE 22, AFTER "RATE". HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Hass, EXCUSED)**

113 Rep. Witt **MOTION: MOVED TO CONCEPTUALLY AMEND (-5) AMENDMENTS, (EXHIBIT 9), BY DELETING "ESTIMATED CLIAMS FOR CREDIT FOR ALL" ON PAGE 2, LINE 23, AFTER "TOTAL AMOUNT OF". HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Hass, EXCUSED)**

118 Rep. Witt **MOTION: MOVED LC (-5) AMENDMENTS DATED 05/17/2001 TO HB 2730, AS CONCEPTUALLY AMENDED, BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Hass, EXCUSED)**

124 Rep. Witt **MOTION: MOVED HB 2730 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

129 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Hass

Rep. Beck will carry the bill.

OPENED WORK SESSION ON HB 2272

152 Ed Waters Described what the measure does, provided background material and reviewed the revenue impact and the January 25 discussion resulting in the (-1) amendments. (Exhibits 11-12)

- 189 Chair Shetterly Noted that Legislative Counsel has suggested that a 3/5 vote will be required on the floor because of the collateral effect, further conversations will be held with Counsel to confirm that.
- Rep. Beck **MOTION: MOVED LC (-1) AMENDMENTS DATED 01/29/2001 TO HB 2272 BE ADOPTED.**
- 199 Rep. Beck **MOTION: MOVED HB 2272 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**
- 207 **ROLL CALL VOTE: MOTION PASSED 8-0-1**
- REPRESENTATIVES VOTING AYE: Beck, Brown, Hass, Williams, Witt, Carlson, Kafoury, Chair Shetterly**
- REPRESENTATIVES EXCUSED: Bates**
- Rep. Brown will carry the bill.**
- 217 Paul Warner The reconnect bill (HB 2272) is not related to the current tax policy change policy change that is being discussed in Congress. Legislative Revenue office (LRO) is in the process of making an estimate of how that federal policy will affect Oregon's taxes. The May forecast did not include the technical parts of those tax changes.
- Questions and discussion regarding the impact of the federal legislation to Oregon.
- 260 Rep. Witt "On the bill just passed, the reconnect bill, to the extent that it will allow us to have roughly an additional \$23.4 million in general fund revenue in the coming biennium, do we have any sense as to how that breaks out among different income groups?"
- 263 Warner That can be run through the tax calculator.
- 280 Rep. Witt Spoke to his reasons for wanting to know those figures.

298 Chair Shetterly Meeting adjourned at 2:29 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2980, (-A2 and -A4) Staff Measure Summary, (-A2) Revenue Impact statement, Martin-Mahar, 2 pages
2. HB 2980, (-A2) amendment, (BHC/tm/ps) 05/17/01, Chandler, 2 pages
3. HB 2980, (-A4) amendment, (BHC/ps) 05/18/01, Chandler, 2 pages
4. HB 2980, House Committee o Smart Growth and Commerce Staff Measure Summary, Fiscal statement, LRO Staff, 2 pages
5. HB 2980, Testimony, Chandler, 1 page
6. HB 2980, Submitted testimony, Wells, 1 page
7. HB 2980, Submitted testimony, Smith, 2 pages
8. HB 2730, Revenue Impact and Fiscal statements, Waters, 2 pages
9. HB 2730, (-5) amendment, (DJ/ps) 05/17/01, Rep. Witt, 6 pages
10. HB 2730, Listing of Distressed Areas, Penwell, 8 pages
11. HB 2272, Revenue Impact Statement, Waters, 1 page
12. HB 2272, (-1) amendment, (DJ/ps) 01/29/01, Department of Revenue, 1 page