

**PUBLIC HEARING: HB 3000, HB 3697,**

**PUBLIC HEARING AND WORK SESSION: HB 2440, HB 3871 A-ENG.**

**TAPES 193 — 194 A/B**

**TAPE 195 A**

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

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**MAY 23, 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 (1:23 arrived)

Representative Deborah Kafoury, Vice Chair (1:23 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass (1:20 arrived)

Representative Max Williams

Representative Bill Witt (1:21 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

James Jensen, LRO Intern from Willamette University

Joan Green, Committee Assistant

Witnesses: Ginny Lang, Qwest

Rep. Jerry Krummel, Legislative House District 27

Rep. Richard Devlin, Legislative House District 24

Rep. Charlie Ringo, Legislative House District 6

Greg Peden, Qwest

Jim Duncan, Citizen

Alan Bushong, Capitol Community Television

Ken Snider, Alliance for Community Media, NW  
Region

David Barenberg, League of Oregon Cities

Mary Beth Henry, City of Portland

Leonard Goodwin, City of Springfield

Rep. Bruce Starr, Legislative House District ??

Debra Buchanan, Department of Revenue

Chris Hagerbaumer, Oregon Environmental Council

L. J. Godfrey, AT & T

Tom Barrows, Oregon People's Utility District  
Association

Ray Erland Clackamas County Assessors Office

John Phillips, Department of Revenue

**TAPE 193, SIDE A**

006 Chair Shetterly Meeting called to order at 1:12 p.m.

**OPENED PUBLIC HEARING ON HB 3697**

017 James Jensen "The measure deals with taxes imposed on telecommunications carriers and a recent court decision will have some affect on this measure. "

024 Ginny Lang Presented testimony in support of measure and the (-4) amendments. (Exhibits 1-2)

LRO Staff Distributed submitted testimony from the City of Salem, Mike Swaim. (Exhibit 3)

**OPENED PUBLIC HEARING ON HB 2440**

121 Paul Warner The (-2) amendment is a rewrite of the original measure and would allow a current property owner to petition the county assessor for a correction of a property's maximum assessed value in the current year under certain conditions and is a response to the constraints of Measure 50. (Exhibits 4-5)

129 Rep. Jerry Spoke in support of the measure, as amended by  
Krummel the (-2) amendment, (Exhibit 5).

**OPENED PUBLIC HEARING ON HB 3000**

178 James Jensen Reviewed the (-1) Revenue Impact statement and the (-1) amendment. (Exhibits 6-7)

185 Rep. Richard Spoke in support of the measure and the (-1)  
Devlin amendment, (Exhibit 7).

**OPENED PUBLIC HEARING ON HB 3871 A-Eng.**

243 Paul Warner Described what the measure does and distributed the House Committee on Transportation Staff Measure Summary, Revenue Impact and Fiscal statements. (Exhibit 8).

262 Rep. Charlie Spoke in support of the measure.  
Ringo

291 Rep. Witt Questions and discussion regarding:

1. Current insurance policies having a component relating to the miles driven.
2. Why was 70% chosen as the threshold and how would that be used by an insurance company.
3. Would the 70% factor be in a directly proportional basis to the number of miles driven

331 Rep. Hass Spoke in support of the measure.

334 Rep. Ringo The measure came out of House Transportation with the (-1) amendments, which would postpone the effective date and not impact the revenue picture this biennium.

**ReOPENED PUBLIC HEARING ON HB 3697**

357 Rep. Bates Questions and discussion regarding:

1. Revenues could still be raised, but they

would have to be clearly declared.

2. There would not be a fee for maintaining right-of-way, it would be a tax or franchise fee.
3. Requested examples of leveling the playing field for different suppliers of dial tone.
4. Cable operators would include someone who supplies a dial tone for a telephone?

**TAPE 194, SIDE A**

- 007 Chair Shetterly Questioned how the (-4) amendments respond to the court case for the City of Auburn case from Washington state, (Exhibit 2)?
- 009 Greg Peden Reviewed the Federal Ninth Circuit Court's ruling in the City of Auburn case and Peden would submit that the Court's findings are now the law in Oregon.
- The (-4) amendments reflect the Ninth Circuit Court's rulings and remove that portion of the original measure while maintaining the annual payment piece and the pass-through, (Exhibit 2):.
- 040 Chair Shetterly The (-4) amendments are not a result of the City of Auburn case then, either the City of Auburn case has resolved the issues and these represent other issues left on the table, (Exhibit 2)?
- 042 Peden Concurred.
- 044 Vice Chair Carlson Referenced City of Salem's submitted testimony and addressed the City of Salem's three the first of which is the payment terms, why would utilities move to an annual basis and when the City testifies they can explain why they don't want to move to an annual basis, (Exhibits 2-3)
- 059 Peden The reason is to create consistency and cost savings.
- 067 Vice Chair Carlson How would that be transitioned so as not to impose a hardship on cities?
- 068 Peden Is not aware of what hardships this would cause for the City of Salem, it is a matter of administrative streamlining, as it is today it

creates a hardship on us; the language relating to payment is permissive.

- 093 Vice Chair Referenced the City of Salem's second concern and questioned Qwest as to whether the language is so broad that it could include any tax or fee, (Page 1, Paragraph 2, Exhibit 3).  
Carlson
- 095 Peden That would not be our intent and the language in the referenced statute is narrower, relating only to work in the right-of-way.
- 112 Vice Chair Referenced the City of Salem's third concern and requested Qwest address that concern, (Page 1, Paragraph 3, Exhibit 3).  
Carlson
- 123 Peden Explained the process to set costs through a ratemaking claim with the Public Utilities Commission (PUC) and the PUC's decision making process. The language in the (-1) amendment is requesting that those costs be passed on as an operating expense rather than being included in the rates.
- 127 Vice Chair Is the language in the (-4) amendments not in accordance with case law or is the City of Salem interpreting this issue differently?  
Carlson
- 133 Peden I don't know the specific case they are addressing.
- 140 Rep. Beck What is the broad public benefit of this measure and the (-4) amendment, (Exhibit 2)?
- 149 Lang I would define it as a truth in billing issue.  
Chair Shetterly Left at 1:51 p.m., passed gavel to Vice Chair Carlson.
- 162 Rep. Bates Questions and discussion regarding how the PUC would adjust for this measure.
- 182 Jim Duncan Presented testimony in opposition to the original measure. (Exhibit 9)  
Chair Shetterly Returned at 1:55 p.m.; resumed gavel.
- 241 Alan Bushong Spoke in opposition to the measure; it is the City of Salem's position that management of local rights-of-way is a local issue. Has not reviewed

the (-4) amendment. (Exhibit 2)

- 269 Ken Snider Spoke in opposition to the measure, noted that he has not reviewed the (-4) amendment. (Exhibit 2)
- 291 Rep. Witt Questions and discussion regarding how the community access channel programming is impacted by the measure.
- 298 Bushong Spoke to the original measure, which would have changed franchise compensation and Capitol Community Television exists by virtue of cable television franchise.
- 300 Rep. Witt Questioned whether ratepayers have a choice in paying franchise fees that go to support Bushong's industry.
- 319 Rep. Hass What part of the (-4) amendments does Bushong take exception to, as it relates to local control, (Exhibit 2)?
- 321 Bushong Referenced the issues outlined by the City of Salem, does not know how those concerns have been affected by the (-4) amendments. (Exhibits 2-3)
- LRO Staff Distributed submitted testimony to the original measure from the Oregon Department of Forestry, Ross Holloway. (Exhibit 10)
- 350 David Barenberg Spoke in opposition to the measure and the (-4) amendments. (Exhibit 2)
- Distributed submitted testimony from Ben Walters, City of Portland. (Exhibit 11)

**TAPE 193, SIDE B**

- 018 Rep. Witt Questions and discussion regarding if the 4% being a cost of doing business isn't in conflict with the Federal Ninth Circuit Court ruling.
- 074 Leonard Goodwin Spoke to the Federal Ninth Circuit Court's decision based on the City of Auburn's case, as it relates to Rep. Witt's questions.
- 104 Mary Beth Presented testimony in opposition to measure

Henry and the (-4) amendment. (Exhibits 2 and 12)

207 Vice Chair Questions and discussion regarding:  
Carlson

1. The permissive language regarding paying of fees on an annual basis allowing for negotiation for another payment schedule, (Page 1, §1, Exhibit 2)?
2. Isn't "impose" used in the current statute and so what is the significance of Walter's testimony, (Page 1, Exhibit 11)?
3. Requested clarification on the discrepancies between Lang's and Henry's testimony as it relates to the first four-percent and allowing a pass through of taxes, (Page 2, Paragraph 5, Exhibit 1).
4. Referenced the (-4) amendments and the language that would allow the telecommunications utility to recover the cost as an operating expense; other than the sole discretion piece how is that different from what is currently done, (Page 1, §1, Exhibit 2)?

295 Rep. Witt Questions and discussion regarding:

1. The annual fee and what in the (-4) amendment specifies payment at then end of a twelve month period, (Exhibit 2)?
2. Defined difference between charges and taxes and charges are typically passed through to the consumer, explicitly or implicitly.

418 Rep. Bates Commented on three major concerns:

1. Cities and counties want to maintain how they collect fees.
2. Hidden fees in current utility bills that are used for revenues by local governments.
3. Relocation being passed on directly to the customer instead of being absorbed by a company.

## **TAPE 194, SIDE B**

043 Goodwin Presented testimony in opposition to measure and the (-4) amendments. (Exhibit 13)

173 Rep. Witt Questions and discussion regarding what language in the (-4) amendment provides for how and when the utilities would pay an annual charge, (Exhibit 2).

### **ReOPENED PUBLIC HEARING ON HB 3871**

211 Rep. Bruce Starr Spoke in support of the measure.

LRO Staff Distributed submitted testimony from the City of Salem, Mike Swaim. (Exhibit 14)

250 Chair Shetterly Read list of people who have signed up to testify today and questioned Rep. Starr if this is the same group that established the record in the House Transportation Committee.

256 Rep. Starr That is a good representation; noted other testimony entered into the House Transportation Committee record.

267 Rep. Witt Questions and discussion regarding:

1. If the credit goes to the insurer.
2. Nothing currently prevents an insurance company from offering a plan based primarily on miles driven as a competitive tool is there?
3. Would the effect of this credit lower those rates more.
4. Would the incentive go to the insurance company or the customer?

282 Debra Buchanan Described administrative issues with the A-Engrossed measure as written, referencing the language on page 2, line 7, "all previous credits allowed". Provided testimony as to the Department of Revenue's interpretation of how they would have to administer the credit under this language and questioned if that is the intent. Her recommendation would be to change the language to "claimed" instead of "allowed" on page 2, line 7 of the A-Engrossed measure.

LRO Staff Distributed written testimony from in lieu of



verbal testimony presentation by witnesses to be entered for the record:

1. Submitted by Oregon Consumer League, Jason Reynolds. (Exhibit 15)
2. Submitted by Oregon Interfaith Global Warming Campaign, Evers/Epstein. (Exhibit 16)
3. Submitted by Citizenf for Sensible Transportation, Ross Williams. (Exhibit 17)
4. Submitted by Oregon Environmental Council, Chris Hagerbaumer. (Exhibit 18)

- Submitted by Westside Transportation Alliance. (Exhibit 19)

- Submitted by TripleE.com, Mitchell Rofsky. (Exhibit 20)

- Submitted by Lewis and Clark College, Eban Goodstein. (Exhibit 21)

350 Rep. Witt Are you familiar with current insurance policies in Oregon that are 70% or more based on miles driven?

358 Chris Hagerbaumer There are currently none; explained the 70% number.

375 Rep. Witt Questions and discussion regarding:

1. What Oregon insurance companies can currently offer.
2. Why have Oregon companies not offered plans similar to the one in the measure.
3. Potential impact on premiums for high-mileage drivers.

**OPENED WORK SESSION ON HB 3871 A-ENG.**

- 035 Rep. Witt Is there a sunset on this legislation?
- 040 Ed Waters The 2007 sunset is effective only on the use of the credit.
- 045 Rep. Witt There is no sunset on the program?
- 044 Chair Shetterly Reauthorization would be needed to extend beyond the \$1 million, if the credit ran out.
- 045 Rep. Witt It is a well-intended program and is willing to give it a trial, but spoke to reservations and would feel better if the program had a sunset.
- 046 Hagerbaumer There is a sunset date in §4 of the A-Engrossed measure.  
  
Questions and discussion regarding whether the sunset is on the credit only or both the credit and the program.
- 059 Rep. Bates The pilot program in Texas has shown a decrease in usage of cars?  
  
General consensus.
- 062 Chair Shetterly **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE A-ENGROSSED MEASURE.**
- 066 Chair Shetterly **MOTION: MOVED TO CONCEPTUALLY AMEND THE A-ENGROSSED MEASURE BY DELETING "ALLOWED" AND REPLACING WITH "CLAIMED" ON PAGE 2, LINE 7, AFTER "ALL PREVIOUS CREDITS". HEARING NO OBJECTION, THE CHAIR SO ORDERED.**
- 072 Rep. Beck **MOTION: MOVED HB 3871 A-ENGROSSED TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**
- 076 Vice Chair Carlson Spoke to reservations on how the measure impacts families, but will vote to move the measure to floor.
- 087 Chair Shetterly Concurred with Vice Chair Carlson's concerns.
- 091 Rep. Hass Spoke to the motion and what insurance companies currently provide.
- 094 Rep. Witt Spoke in support of the motion, especially with

a sunset in it.

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

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

**Rep. Ringo and Rep. Starr will carry the bill.**

**OPENED WORK SESSION ON HB 2440**

125 Chair Shetterly Questioned Clackamas County witnesses and John Phillips if the (-2) amendments address the concerns that were raised with HB 2058, Rep. Krummel's earlier measure?

130 Ray Erland Spoke in support of the measure, as amended by the (-2) amendments. (Exhibit 5)

132 John Phillips Spoke in support of the measure, as amended by the (-2) amendments. (Exhibit 5)

133 Rep. Beck **MOTION: MOVED LC (-2) AMENDMENTS DATED 05/21/2001 TO HB 2440 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

137 Rep. Beck **MOTION: MOVED HB 2440 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

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

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

**Rep. Krummel will carry the bill.**

**ReOPENED PUBLIC HEARING ON HB 3697**

165 L. J. Godfrey Spoke in support of the measure and the (-4) amendments, (Exhibit 2).

171 Tom Barrows The (-4) amendments address our concerns with the original measure. (Exhibit 2)

175 Chair Shetterly Meeting adjourned at 3:13 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3697, Testimony, Lang, 2 pages
2. HB 3697, (-4) amendment, (BHC/ps) 05/21/01, Lang, 1 page
3. HB 3697, Submitted testimony, Swaim, 2 pages
4. HB 2440, (-2) Staff Measure Summary and Revenue Impact statement, Martin-Mahar, 2 pages
5. HB 2440, (-2) amendment, (DJ/hm/ps) 05/21/01, Rep. Krummel, 2 pages
6. HB 3000, (-1) Revenue Impact statement, Jensen, 1 page
7. HB 3000, (-1) amendment, (DJ/ps) 05/07/01, Rep. Devlin, 1 page
8. HB 3871, House Committee on Transportation Staff Measure Summary, Revenue and Fiscal statements, LRO Staff, 3 pages
9. HB 3697, Testimony, Duncan, 2 pages
10. HB 3697, Submitted testimony, Holloway, 2 pages
11. HB 3697, Submitted testimony, Walters, 4 pages
12. HB 3697, Testimony, Henry, 3 pages
13. HB 3697, Testimony, Goodwin, 3 pages
14. HB 3871, Submitted testimony, Swaim, 1 page
15. HB 3871, Submitted testimony, Reynolds, 1 page
16. HB 3871, Submitted testimony, Evans/Epstein, 1 page
17. HB 3871, Submitted testimony, Williams, 1 page
18. HB 3871, Submitted testimony, Hagenbaumer, 3 pages
- 19.
20. HB 3871, Submitted testimony, Westside Transportation Alliance, 1 page
21. HB 3871, Submitted testimony, Rofsky, 3 pages
22. HB 3871, Submitted testimony, Goodstein, 1 page