

**PUBLIC HEARING: HB 3629**

**WORK SESSION: HB 2204, HB 2863, HB 3391, HB 3580**

**TAPES 166 — 167 A/B**

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

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**MAY 3, 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

Representative Deborah Kafoury, Vice Chair (1:31 arrived)

Representative Alan Bates (1:17 p.m.)

Representative Chris Beck

Representative Alan Brown (1:23 p.m.)

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:25 p.m.)

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

Joan Green, Committee Assistant

Witnesses: Rep. Bill Morrisette, Legislative House  
District 42

Rep. Randy Leonard, Legislative House District 21

Grattan Kerans, Oregon University System

Rochelle Nedeau, Department of Justice

Jack Kenny, Oregon Housing and Community Services

Jerry Bieberle, Association of Oregon Community Development Corporations

Chris Robinson, GSL Properties and Metro Multi-Family Housing

Michelle Deister, League of Oregon Cities

**TAPE 166, SIDE A**

007 Chair Shetterly Meeting called to order at 1:15 p.m.

**OPENED WORK SESSION ON HB 3580**

026 Richard Yates Reviewed the measure and prior testimony; noted that there are two amendments, the (-1) amendment and the (-2) amendment. (Exhibits 1-2)

The (-1) amendment essentially deletes the language that refers to the distribution in proportion to general fund money, restores the first two criteria on 13 and 15 of the measure and adds a third criteria. (Exhibit 1)

053 Chair Shetterly Recessed work session pending Rep. Leonard's arrival.

**OPENED WORK SESSION ON HB 2863**

056 Ed Waters Reviewed prior testimony and action on the measure and described the (-4) amendments, (Exhibit 3), which are the same as the (-3) amendments, (Reference 04/30/2001, Exhibit 7), except the (-4) amendments include a cap on the amount of certifiable sale, per transaction, (Page 2, Lines 7-11, Exhibit 3).

069 Vice Chair Spoke to an Attorney General's Manufactured Housing recommendations and cited finding #16; described what action the Committee has taken with this measure and described the (-4) amendments, (Exhibit 3).

088 Waters Noted that the (-1) and (-2) amendments have

been adopted, (Reference 04/23/2001, Exhibits 1-2), which are necessary for the complete concept; the (-4) amendments would be the only one that would need to be adopted today, (Exhibit 3).

092 Vice Chair **MOTION: MOVED LC (-4)**  
Carlson **AMENDMENTS DATED 05/03/2001 TO HB**  
**2863 BE ADOPTED.**

096 Rep. Witt Spoke to the motion and will support the (-4)  
amendments.

106 **HEARING NO OBJECTION, THE CHAIR**  
**SO ORDERED. (ALL MEMBERS**  
**PRESENT EXCEPT Kafoury, EXCUSED)**

108 Vice Chair **MOTION: MOVED HB 2863 TO THE**  
Carlson **HOUSE FLOOR WITH A DO PASS AS**  
**AMENDED RECOMMENDATION.**

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

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

**REPRESENTATIVES EXCUSED: Kafoury**

**Vice Chair Carlson will carry the bill.**

#### **REOPENED WORK SESSION ON HB 3580**

122 Rep. Randy Spoke in support of the (-1) amendments, which  
Leonard address concerns expressed about costs of  
programs at the public hearing. (Exhibit 1)

140 Rep. Bates Is there a significant change in the breakout of  
the monies with the (-1) amendments?

150 Chair Shetterly The (-1) amendments leave the ultimate  
distribution to the discretion of the Board with  
additional criteria.

169 Vice Chair Who introduced the (-2) amendments, (Exhibit  
Carlson 2)?

170 Chair Shetterly Asked Rep. Leonard if he has seen the (-2)  
amendments and his comments, (Exhibit 2).

171 Rep. Leonard Spoke in opposition to the (-2) amendments,  
which create a floor and enshrine the status quo,  
(Exhibit 2).

- 186 Rep. Witt Questions and discussion regarding whether a determination would be made on the judgement of the three criteria; nothing limits the discretion in the allocation of the funds and wondered if Rep. Leonard had concerns with that.
- 179 Rep. Leonard This is better than the current system, but not the major overhaul I had originally requested.
- 191 Rep. Witt You are comfortable that the (-1) amendments provide a significant improvement to current policy relative to a fair, equitable distribution of these funds to various universities, (Exhibit 1)?
- 193 Rep. Leonard Yes, with qualifications.
- 200 Grattan Kerans Spoke in support of the (-1) amendments and noted for the record that a vast majority of campuses are not interested in advancing any change in the formula at this time and were not seeking a change in the criteria. (Exhibit 1)
- 236 Rep. Beck **MOTION: MOVED LC (-1) AMENDMENTS DATED 04/23/2001 TO HB 3580 BE ADOPTED.**
- 241 Rep. Bates Spoke to his preference for the original measure, but will support the compromise proposed by the (-1) amendments, (Exhibit 1).
- 277 Rep. Witt Spoke in support of the (-1) amendments. (Exhibit 1)
- 292 Vice Chair Kafoury Concurred with Rep. Witt's comments.
- 316 Rep. Hass Spoke in opposition to the (-1) amendments. (Exhibit 1)
- 352 Vice Chair Carlson Spoke in opposition to the (-1) amendments. (Exhibit 1)
- 361 Chair Shetterly Will support (-1) amendments, but share Rep. Hass and Vice Chair Carlson's concerns. (Exhibit 1)
- 393 **ROLL CALL VOTE: MOTION PASSED 7-0-2**
- REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Williams, Witt, Kafoury, Chair Shetterly**
- REPRESENTATIVES VOTING NAY: Hass,**

**Carlson**

395 Vice Chair **MOTION: MOVED HB 3580 TO THE**  
Kafoury **HOUSE FLOOR WITH A DO PASS AS**  
**AMENDED RECOMMENDATION.**

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

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

**REPRESENTATIVES VOTING NAY: Hass,**  
**Carlson**

**Rep. Leonard will carry the bill.**

**TAPE 167, SIDE A**

**OPENED WORK SESSION ON HB 2204**

007 Lizbeth Martin- Reviewed prior testimony and the (-1)  
Mahar amendment, (Reference 04/18/2001, Exhibit 6).  
At Vice Chair Carlson's direction the Housing  
Coalition has brought forward the (-2) and (-3)  
amendments, (Exhibits 5-6).

039 Martin-Mahar Continued with discussion of the measure and  
reviewed the differences between the three  
different amendments. (Exhibit.4)

107 Vice Chair Recapped the public hearing and requested that  
Carlson someone concisely define the issues that need to  
be addressed.

128 Rochelle Spoke in support of the (-3) amendments.  
Nedeau (Exhibits 6-7)

208 Chair Shetterly Are the (-3) amendments a more refined version  
of the (-2) amendments, both being a product of  
this "new work group", (Exhibits 5-6)?

211 Nedeau Concurred. Continued with testimony in support  
of the (-3) amendments and provided a section  
by section description of the amendments.  
(Exhibit 6)

249 Rep. Beck Questions and discussion regarding what would  
prevent someone from changing the assessment  
methodology.

264 Vice Chair Where is latitude given to the Department of  
Carlson Revenue in the rules setting process?

- 273 Nedeau Reviewed the additional detail and listing methods available for election and a broader description of the Department of Revenue's Administrative Rules necessary to implement the policy and factors in the (-3) amendments, (Page 5, Lines 5-29, and page 8, Lines 1-8, Exhibit 6)
- 336 Chair Shetterly Since the rulemaking process is still a source of discomfort to some would the Department of Revenue be willing to make interim reports on the rule drafting implementation?
- 346 Jack Kenny Noted that Department of Revenue's representative expressed agreement to concur with the Chair's request.
- 348 Vice Chair Questions and discussion regarding a description of instances where net operating income would not be the method of choice.  
Carlson
- 430 Vice Chair Questions and discussion regarding what will happen to the 250 cases that are currently in the court queue and how does the broader case law fit in other than allowing people opting out.  
Carlson

**TAPE 166, SIDE B**

- 040 Jack Kenny Spoke in support of the (-3) amendments. (Exhibit 8)
- 066 Jerry Bieberle Spoke in support of the (-3) amendments and the measure. (Exhibit 6)
- 091 Chris Robinson Addressed remaining concerns with HB 2204, proposed amendments to the (-3) amendments, and provided a brief history of the working group. (Exhibits 6 and 9)
- 203 Robinson Summarized testimony, (Page 2, Exhibit 9)  
  
Questions and discussion regarding the use of real market value as one available methodology.
- 270 Rep. Beck Questions and discussion regarding to clarify Robinson's concerns.
- 347 Rep. Witt Referenced Robinson's testimony and requested information on how the working group has not been inclusive, (Page 2, Exhibit 9).
- 363 Robinson Reviewed history of the working group and failure to include certain parties.
- 387 Rep. Witt It is your feeling that the measure did not allow

for property owners to have input in drafting it?

396 Robinson

Concurred.

407 Bieberle

Noted that the Community Development Corporations (CDC) owns approximately 9,000 units and there were a number of property owners involved in the process.

**TAPE 167, SIDE B**

012 Rep. Beck

Does Robinson support the (-3) amendments, (Exhibit 6)?

015 Robinson

With the proposed additions stated in my testimony, (Exhibit 9).

030 Vice Chair  
Kafoury

**MOTION: MOVED LC (-3)  
AMENDMENTS DATED 05/03/2001 TO HB  
2204 BE ADOPTED.**

032 Vice Chair  
Kafoury

Spoke to the motion.

045 Chair Shetterly

Spoke in support of the motion and would request that the Departments of Revenue and Justice give Robinson assurances, on good faith, in addressing his concerns.

058

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

060 Vice Chair  
Kafoury

**MOTION: MOVED HB 2204 TO THE  
HOUSE FLOOR WITH A DO PASS AS  
AMENDED RECOMMENDATION.**

065 Rep. Witt

Spoke in opposition to the motion.

076 Rep. Bates

Spoke in support of the motion, with reservations.

097 Chair Shetterly

I believe that the measure is good and a lot of the issues are outside the scope of the measure and need to be addressed in the Administrative Rules process.

104

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

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

**REPRESENTATIVES VOTING NAY: Witt**

**Vice Chair Carlson will carry the bill.**

**OPENED WORK SESSION ON HB 3391**

- 120 Ed Waters Reviewed prior testimony on the measure, described the (-2) amendments and distributed a Fiscal statement to the original measure. (Exhibits 10-11)
- 142 Rep. Witt **MOTION: MOVED LC (-2) AMENDMENTS DATED 05/02/2001 TO HB 3391 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**
- 150 Rep. Witt **MOTION: MOVED HB 3391 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**
- 154 **ROLL CALL VOTE: MOTION PASSED 9-0-0**
- REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Williams, Witt, Carlson, Kafoury, Chair Shetterly**

**Vice Chair Kafoury will carry the bill.**

**OPENED PUBLIC HEARING ON HB 3629**

- 162 Lizbeth Martin-Mahar Described what the measure does and provided background material. (Exhibit 12)
- 192 Rep. Bill Morrisette Spoke in support of the measure, as amended by the (-1) and the (-2) amendments. (Exhibits 13-14)
- 205 Chair Shetterly Left at 2:53 p.m., passed gavel to Vice Chair Kafoury.
- 210 Rep. Morrisette Continued with testimony and read the (-1) amendments into the record. (Exhibit 14)
- 303 Michelle Deister Spoke in support of the (-1) amendments. (Exhibit 14)
- 309 Rep. Morrisette Continued with testimony and spoke to the (-2) amendments. (Exhibit 13)
- 350 Vice Chair Kafoury Meeting adjourned at 3:01 p.m.



Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3580, (-1) amendment, (CJC/ps) 04/23/01, Rep. Leonard, 1 page
2. HB 3580, (-2) amendment, (CJC/ps) 05/03/01, Rep. Hass, 2 pages
3. HB 2863, (-4) amendment, (DJ/ps) 05/03/01, Vice Chair Carlson, 2 pages
4. HB 2204, Description of amendments and differences, Martin-Mahar, 1 page
5. HB 2204, (-2) amendment, (DJ/ps) 04/30/01, Housing Coalition, 8 pages
6. HB 2204, (-3) amendment, (DJ/ps) 05/03/01, Housing Coalition, 8 pages
7. HB 2204, Testimony, Nedeau, 1 page
8. HB 2204, Testimony, Kenny, 1 page
9. HB 2204, Testimony, Robinson, 3 pages
10. HB 3391, (-2) amendment, (DJ/ps) 05/02/01, Rep. Merkley, 1 page
11. HB 3391, Fiscal statement, LRO Staff, 1 page
12. HB 3629, Staff Measure Summary, Martin-Mahar, 1 page
13. HB 3629, (-2) amendment, (DJ/ps) 05/03/01, Rep. Morrisette, 1 page
14. HB 3629, (-1) amendment, (DJ/ps) 05/03/01, Rep. Morrisette, 1 page