

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

March 12, 2001
3:15 PM

Hearing Room 50
Tapes 58 – 63

MEMBERS PRESENT: Rep. Bill Witt, Chair
Rep. Elizabeth Johnson, Vice-Chair
Rep. Tim Knopp, Vice-Chair
Rep. Alan Bates
Rep. Alan Brown
Rep. Janet Carlson
Rep. Richard Devlin
Rep. Bill Garrard
Rep. Jerry Krummel
Rep. Laurie Monnes-Anderson
Rep. Vicki Walker

STAFF PRESENT: Daniel Clem, Committee Administrator
Renee' Lunsford, Committee Assistant

MEASURE/ISSUES HEARD: HB 2288 Public Hearing
HB 2290 Public Hearing
HB 3074 Public Hearing
HB 3277 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 58, A		
005	Chair Witt	Calls meeting to order at 3:15 p.m. and opens concurrent public hearings on HB 2288, HB 2290, and HB 3074.
<u>HB 2288, HB 2290, AND HB 3074 PUBLIC HEARING</u>		
026	Rep. Kurt Schrader	House District 23. Testifies in favor of HB 2290 and HB 2288.
204	Rep. Krummel	Asks Rep. Schrader if schools would rely on local government to collect the systems development charge (SDC) fees and expect to receive an administration fee.
214	Rep. Schrader	States that in the past an administrative fee was included in the system development charge.
226	Rep. Krummel	Asks if the fee should be charged on just homes or should it include other dwellings.
232	Rep. Schrader	States the impact fee has to have rational basis and ask if business contributes to the student load in the community.
258	Rep. Krummel	Asks what about the argument that people shifting within the same community are going to have to pay fees twice.
269	Rep. Schrader	States each new home creates new capacity in the community.
312	Rep. Monnes-Anderson	States this bill would give schools veto power over a new development that meets current zoning regulations.
323	Rep. Schrader	States that HB 2290 clearly states school districts cannot be the basis of a moratorium.
342	Rep. Devlin	Asks if a systems development charge passes is there a need to elevate the planning process for schools since there aren't any

352	Rep. Schrader	comprehensive plans for long term school needs. States the comprehensive plan will reflect the dialogue between the school district.
372	Rep. Devlin	Asks if schools should be elevated as essential facilities.
375	Rep. Schrader	Replies absolutely.
377	Chair Witt	Asks about the language in section 3, paragraph one of HB 2288.
390	Rep. Schrader	Responds it's a restatement that there has to be a relationship between the development and the benefit.
413	Rep. Charlie Ringo	House District 6. Testifies in favor of HB 2288.
TAPE 59, A 052	Rep. Krummel	Asks which classes are over crowded and isn't the size of a class a local issue.
064	Rep. Ringo	States studies show smaller classes lead to better results.
075	Rep. Krummel	Asks that if schools are collecting SDCs do they still need bond levies.
080	Rep. Ringo	States each new home costs the school district approximately \$11,000 and SDCs only cover a portion. Adds that there would still be a need for bond levies.
092	Rep. Garrard	States he does not agree with SDCs.
099	Rep. Ringo	Expresses hope that the needs of Washington County would be respected and not denied the tools needed.
111	Rep. Garrard	Asks if systems development charges are a tax.
113	Rep. Ringo	Replies it is not a tax but an impact fee.
119	Rep. Walker	Asks whether there is a large difference in income between Klamath Falls and Washington County.
125	Rep. Ringo	Responds affirmatively and states that SDCs are the most common sense solution.
133	Chair Witt	Asks what percentage of new homebuyers is from the district and what percentage is from outside of the district.
137	Rep. Ringo	States that when we subsidize growth, we give people incentives to leave areas that already provide services.
148	Chair Witt	Asks if it should make a difference if the residence originated in the district or not.
151	Sen. Ringo	States that doesn't know of a way to track if the residence originated in the district or not.
160	Chair Witt	Asks if bill applies only to residential or does it apply to commercial as well.
162	Rep. Ringo	Responds that he would like SDCs to be available for police, fire and rescue services, but it's for the local communities to implement.
170	Rep. Johnson	States the bill is permissive.
169	Rep. Ringo	Notes that statute lists four to five things the SDCs allow.
180	Rep. Krummel	Asks if there is a mechanism within the current law that would allow for local government to add services into the methodology or would there need to be an amendment.
196	Rep. Ringo	Responds that amending ORS 223.299 does not just apply to residences.
206	Rep. Kelley Wirth	House District 35. Submits written testimony (EXHIBIT A) and testifies in favor of HB 2288.
237	Rep. Garrard	States that when the bill was in the Revenue committee and was voted on, it had a split vote. Asks why.
242	Rep. Wirth	Replies she doesn't know.
250	Rep. Monnes-Anderson	Asks if this takes control away from the local cities.

257	Rep. Wirth	Responds it allows local communities to decide for themselves whether or not to implement SDCs.
275	Yvonne Katz	Superintendent, Beaverton School District. Submits written testimony (EXHIBIT B) and testifies in favor of HB 2290, HB 2288, HB 3074, and HB 3277.
<u>TAPE 58, B</u>		
001	Rep. Johnson	References HB 2290 and asks if the statement made that restoring the ability of a community to say no to more growth and the bill's language regarding the capacity of a school facility would not be bases for a moratorium.
006	Katz	States in 1995 the law changed and took school districts out of the legislation and they worked very carefully with legislators to put school districts back into the law, but could not be the sole determinate.
029	Rep. Johnson	Asks how many checks they received from developers.
030	Katz	Replies they have received \$600,000, which is being held in a special fund.
034	Rep. Brown	Asks if HB 3277 is fair to small, rural communities.
036	Katz	Responds affirmatively.
043	Rep. Brown	Asks if the payments in lieu of timber tax receipt should be only directed to rural counties that have timber.
047	Katz	Responds the coalition is dealing with that issue now and doesn't want to make a statement at this time.
053	Rep. Krummel	Asks how much money the Beaverton school district would collect under HB 2288 and HB 3277.
059	Katz	Responds that they don't have the figures now, but she will get them to the committee. Quotes costs of portable and permanent classrooms.
075	Rep. Johnson	Asks what the economic impact of HB 3277 is.
080	Katz	Responds she doesn't have this figure, but will get it.
084	Rep. Carlson	Asks if funds are available for capitol construction, are the operating funds sufficient or would other funds be needed finance staff.
091	Katz	Responds that it depends on the ceiling of the funding level.
104	Chair Witt	Closes public hearing on HB 2288, HB 2290 and HB 3074. Opens public hearing on HB 3277.

HB 3277 PUBLIC HEARING

107	Rep. Bruce Starr	House District 3. Testifies in favor of HB 3277.
156	Rep. Johnson	Asks how this bill works in a declining, rural, impoverished school system and town.
160	Rep. Starr	Responds declining school districts have a different set of problems and need a macro approach discussion.
168	Rep. Carlson	Asks Rep. Starr if he is willing to set a cap on the fund so there wouldn't be funds unnecessarily withheld from operating cost.
182	Rep. Starr	Responds that he would be happy to discuss this.
186	Chair Witt	Asks if the 5-year capture will pay only a portion of the actual capitol cost.
190	Rep. Starr	Responds that he needs to see some numbers.
195	Rep. Monnes-Anderson	Asks if HB 3277 will allow property tax of new construction to stay within the school district. States this bill would benefit high-growth areas but would be a huge loss to the rural areas.
219	Rep. Starr	States that HB 3277 would not send a certain amount of money to Salem.
233	Rep. Monnes-	States it would mean less in the General Fund.

234	Anderson	Explains that it would be the offset.
235	Rep. Starr	States it would mean less money would go into the General Fund, but the legislature would still have to determine how much money from the General Fund would be dedicated to K-12.
	Chair Witt	
246	Rep. Jim Hill	House District 5. Testifies in favor of HB 3277.
310	Chair Witt	Keeps the public hearing on HB 3277 open and opens concurrent public hearings on HB 2290, HB 2288, and HB 3074.

HB 2290, HB 2288, HB 3074, AND HB 3277 PUBLIC HEARING

315	Dr. Nikki Squire	Associate Superintendent, Hillsboro School District. Submits written testimony (EXHIBIT C) and testifies in favor of HB 2288, HB 3074, and HB 3277.
397	Rep. Brown	Asks if Washington County gives tax incentives to industry to locate there.
400	Squire	Responds affirmatively.
403	Rep. Brown	Asks if the amount is known.
404	Squire	Responds no.
405	Chair Witt	States Washington County has used the strategic investment program for the past 10 to 15 years.
410	Rep. Hill	Comments that in lieu of fees there are services controlled by the county in distribution.
435	Rep. Monnes-Anderson	States she is not sure that HB 3277 is the bill to address the issue of growth.

TAPE 59, B

002	Rep. Hill	States that according to the Washington County Assessor, \$1 million would be captured in new growth.
011	Squire	Comments that HB 3277 is a fair solution.
030	Rep. Carlson	States that the perception that the Hillsboro school district is a wealthy one is not correct.
041	Squire	Notes that the Hillsboro school district is a very diverse population.
056	Rep. Hill	Comments that HB 3277 is a measured approach.
083	Rep. Garrard	States that these bill are helping urban areas and hurting rural areas.
090	Rep. Hill	States that Washington County does not receive distribution of federal timber funds and was funding rural districts at a time when it had to cut education services in its own districts.
127	Rep. Jerry Krummel	House District 27. Testifies on HB 3277 and suggests amendments to the bill.
213	Rep. Johnson	Asks if figures are available on the fund proposed by Rep. Krummel.
217	Rep. Krummel	Replies no, because they would have to figure the amount of new construction on a statewide basis.
233	Dick Schouten	Washington County Commissioner. Testifies in favor of HB 2290, HB 2288, and HB 3074.
314	Rep. Krummel	Asks if an SDC would eliminate the need for additional bonding.
323	Schouten	Responds the amount asked of the voters would be less and would pass easier.
337	Chair Witt	Asks if it makes any difference if the individual already lived within the district and was only moving into a new home within the same district.
344	Schouten	Responds it does put more demand on the system infrastructure.
366	Bill Atherton	Metro Council. Testifies in favor of HB 3074.
444	Rep. Krummel	Asks if SDCs should be higher.

459	Atherton	Responds that he would support the choice of local communities to make that decision.
TAPE 60, A		
038	Paula Krane	President, League of Women Voters of Oregon. Submits written testimony (EXHIBIT D) and testifies in favor of HB 3277.
055	Liz Frenkel	Natural Resources Action Coordinator, League of Women Voters of Oregon. Submits written testimony (EXHIBIT E) and testifies in favor of HB 2288.
095	Richard Reid	President, City Watch. Comments in support of HB 2288 and HB 2290.
132	Chair Witt	Asks about City Watch.
134	Reid	Replies it is a citizen action group and has been in existence about 5 years.
152	Carol Robinson	Submits written testimony (EXHIBIT F) and testifies in support of HB 2288.
259	Chris Coughlin	Submits written testimony (EXHIBIT G) and testifies in support of HB 2288.
309	Laurie Wimmer Whelan	Government Relations Consultant, Oregon Education Association (OEA). Submits written testimony (EXHIBIT H) and testifies in support of HB 2288 and in opposition to HB 3277.
450	Rep. Krummel	Asks what OEA's thoughts are on the Beaverton school district's support of HB 3277.
462	Wimmer Whelan	Responds that OEA represents 45,000 members all across Oregon's 198 school districts and they have never supported remedies for some at the expense of all.
473	Chair Witt	Asks why OEA is convinced that HB 3277 would deny funds to schools through out the state.
490	Wimmer Whelan	Responds that they are being realistic since there is a finite size to the pot.
TAPE 61, A		
040	Rep. Devlin	Asks why is it difficult to make the analogy that we all have a responsibility for the capitol needs of public schools.
057	Wimmer Whelan	Responds that since the passage of Measure 5 there has been the loss of local control and effort.
079	Tricia Smith	Government Relations Specialist, Oregon School Employees Association. Submits written testimony (EXHIBIT I) and testifies in support of HB 2288.
139	Rep. Walker	Asks if the legislature was talking about this a decade ago, what was discussed then that is different now.
145	Smith	Responds the issues were the same and the problems existed then where it exists now.
161	Mary Kyle McCurdy	Staff Attorney, 1000 Friends of Oregon. Submits written testimony (EXHIBIT J) and testifies in favor of HB 2288 and HB 3074.
220	Rep. Krummel	Asks who would decide to charge the SDC.
226	Kyle McCurdy	Responds that she believes it would be the local government, not the school districts.
229	Rep. Krummel	Asks if the schools then have to convince the cities or counties to impose SDCs.
234	Kyle McCurdy	Responds that there is a need for schools and local governments to be talking more in general.
240	Rep. Krummel	Asks if \$25,000 is accurate.

247 Kyle McCurdy Replies that based on studies in Oregon and around the country, the range is from \$20,000 to \$40,000.

253 Rep. Krummel Asks what would keep a city council or county commission from raising their system development charges up to \$40,000.

268 Kyle McCurdy Responds there isn't any law to prevent them from charging SDCs up to 100% of the cost of new growth, and that is the kind of discussion to take place at the local level.

281 Chair Witt States HB 2288 is uncertain whether it will capture additional dollars to support new construction of schools, but HB 3277 does create more of a certainty.

296 Kyle McCurdy States that HB 3277 does not allow discussion.

310 Chair Witt Asks if HB 2288 would raise the cost of new houses and lower the cost of existing housing.

314 Kyle McCurdy States that would be reflected in the price of the land for sale.

335 Jeff Lamb Chairman, Oregon Communities for a Voice in Annexation. Submits written testimony (**EXHIBIT K**) and testifies in support of HB 2288 and HB 2290.

TAPE 60, B

039 Peggy Lynch Submits written testimony (**EXHIBIT L**) and testifies in support of HB 2288 and HB 2290.

164 Eben Fodor Community Planning Consultant, Fodor & Associates. Submits written testimony (**EXHIBIT M**) and testifies in support of HB 2288 and HB 3074.

319 Rep. Devlin Asks how recent the policy of concurrency was enacted in Washington.

321 Fodor Responds it was enacted in 1990 and implemented around 1995 or 1996.

338 Rep. Devlin Asks Mr. Fodor if he saw the news story that legislators in the Puget Sound area were calling for \$6 billion in taxes to be raised for transportation needs.

344 Fodor Responds he did not.

360 Don Ganer Fair Funding for Schools Coalition. Submits written material (**EXHIBIT N**) and testifies in favor of HB 2288.

TAPE 61, B

024 Rep. Krummel Asks if a study of urban renewal has been done.

025 Ganer Responds no.

026 Rep. Krummel Asks what would happen if the studies show the SDCs being the actual cost of development.

032 Ganer Replies there has not been a relationship between SDCs and building activity even with large increases.

060 Fred Van Natta Oregon Building Industry. Submits written material (**EXHIBIT O**) and testifies in opposition to HB 2288 and HB 3074.

TAPE 62, A

047 Chair Witt Asks to receive static information relevant to home ownership in Oregon.

060 Jon Chandler Oregon Building Industry. Submits written testimony (**EXHIBIT P**) and testifies in opposition to HB 2290.

292 Chandler Submits written testimony (**EXHIBIT Q**) and testifies in support of HB 3277.

358 Rep. Monnes-Anderson Asks why HB 3277 is more efficient, is it going to raise more money than SDCs.

368 Scott Barrie Oregon Building Industry. Responds that they have requested this information, but have not received it yet.

383 Rep. Devlin Asks if HB 3277 is only help and not a solution and if there is a

		solution in trying to address these needs.
421	Chandler	Responds that given the current tax structure, it is the best solution at this time and it is a good short-term approach.
TAPE 63, A		
032	Jana Jarvis	Director, Oregon Association of Realtors. Submits written testimony (EXHIBIT R) and testifies in opposition to HB 2288 and HB 3074.
070	Ozzie Rose	Confederation of Oregon School Administrators. Testifies in opposition to HB 3277.
178	Chair Witt	Asks if school districts like Beaverton would get relief from HB 3277.
198	Rose	Responds maybe not.
206	Chair Witt	Asks if there has ever been consideration for a small statewide property tax just for schools.
207	Rose	Responds that this is considered all the time.
212	Rep. Devlin	States that the backfield is a legitimate issue, but he is worried about getting school funding. Adds that HB 3277 is a vehicle that has a chance of passing.
246	Rep. Krummel	Asks what is the usual response when a community tries to form an urban renewal.
260	Rose	Responds he doesn't know.
263	Rep. Krummel	Asks if Mr. Rose's organization is interested in finding a solution to this issue.
277	Rose	Responds that they are not interested in HB 3277 at all.
284	Rep. Krummel	States HB 3277 has a real potential.
307	Rose	Comments that the only advantage HB 3277 has is if a district captures more money then they lose on the operations side.
314	Rep. Krummel	Asks if it would be acceptable if \$60 million is raised for capital construction.
326	Rose	Replies that he could not commit without committee approval.
358	Michelle Deister	League of Oregon Cities. Gives verbal testimony.
		Written testimony of Sara Hamlen on HB 2288; Linda Ludwig on HB 2290; and John Brenneman on HB 2288 submitted by staff for the record (EXHIBIT S, T, and U).
374	Jeffrey Tashman	Representing the Association of Oregon Redevelopment Agencies. Submits written testimony (EXHIBIT V) and testifies in opposition to HB 3277.
441	Rep. Krummel	Asks how successful urban renewals are around the state.
443	Tashman	Responds they are quite successful.
464	Rep. Krummel	Asks what the response is of the community when urban renewal has been purposed.
468	Tashman	Replies that it has been positive.
TAPE 62, B		
032	Jessica Harris	Associated General Contractors. Submits written material (EXHIBIT W) and testifies in support of HB 3277. States that SDCs are not the answer, but HB 3277 provides an innovative solution.
076	Chair Witt	Closes the public hearing on HB 2288, HB 2290, HB 3074, and HB 3277. Adjourns the meeting.

Submitted By,

Reviewed By,

Renee' Lunsford,
Committee Assistant

Daniel Clem,
Committee Administrator

Transcribed By,

Debbie Malone

EXHIBIT SUMMARY

- A – HB 2288, written testimony, Rep. Kelley Wirth, 1 p**
- B – HB 2290, HB 2288, HB 3074, and HB 3277, written testimony, Yvonne Katz, 4 pp.**
- C – HB 2288, HB 3074, and HB 3277, written testimony, Dr. Nikki Squire, 2 pp.**
- D – HB 3277, written testimony, Paula Krane, 1 p**
- E – HB 2288, written testimony, Liz Frenkel, 1 p**
- F – HB 2288, written testimony, Carol Robinson, 3 pp.**
- G – HB 2288, written testimony, Chris Coughlin, 1 p**
- H – HB 2288 and HB 3277, written testimony, Laurie Wimmer Whelan, 2 pp.**
- I – HB 2288, written testimony, Tricia Smith, 2 pp.**
- J – HB 2288 and HB 3074, written testimony, Mary Kyle McCurdy, 2 pp.**
- K – HB 2288 and 2290, written testimony, Jeff Lamb, 1 p**
- L – HB 2288 and 2290, written testimony, Peggy Lynch, 1 p**
- M – HB 2288 and HB 3074, written testimony, Eben Fodor, 4 pp.**
- N – HB 2288, written material, Don Ganer, 28 pp.**
- O – HB 2288 and HB 3072, written material, Fred Van Natta, 4 pp.**
- P – HB 2290, written testimony, Jon Chandler, 2 pp.**
- Q – HB 3277, written testimony, Jon Chandler, 1 p**
- R – HB 2288 and HB 3074, written testimony, Jana Jarvis, 1 p**
- S – HB 2288, written testimony, Sara Hamlen, 1 p**
- T – HB 2290, written testimony, Linda Ludwig, 1 p**
- U – HB 2288, written testimony, John Brenneman, 1 p**
- V – HB 3277, written testimony, Jeffrey Tashman, 2 pp.**
- W – HB 3277, written testimony, Jessica Harris, 1 p**