

# HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

March 14, 2001  
3:15 PM

Hearing Room 50  
Tapes 64 – 65

**MEMBERS PRESENT:** Rep. Bill Witt, Chair  
Rep. Betsy 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 2103 Work Session  
HB 2104 Work Session  
HB 2858 Work Session  
SB 275 Public Hearing and Work Session

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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.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 64, A</b>		
005	Chair Witt	Calls the committee to order at 3:15 p.m. and opens a work session on HB 2103.
<b><u>HB 2103 WORK SESSION</u></b>		
014	Dan Clem	Committee Administrator. Reads updated preliminary staff summary on HB 2103 and explains the revised revenue impact statement.
023	Rep. Walker	States that her figures indicate a tax reduction of \$7.7 million and the payroll is \$4.1 million. Asks if this is correct.
025	Chair Witt	Responds affirmatively. Notes that this would continue for up to 15 years depending upon the agreement with the local government.
062	Bates	Asks if this is a drop in actual taxes or in expected drop.
067	Chair Witt	Responds that he believes the facility is exempt from property taxes for a period of 7 to 15 years.
091	Rep. Walker	Asks if the land was taxed before they built on it, do they still pay the taxes on the land at the old rate.
094	Mike Burton	Oregon Economic and Community Development Department (OECD). Responds that all the taxes are exempt.
098	Chair Witt	Notes that in the bill there is a long-term enterprise zone fund. Asks if the county receives money from this.
102	Burton	Responds affirmatively. Notes that there is a provision under the program that would return 30% of the taxes that are paid to the

		state to the county.
107	Chair Witt	Asks if this is from corporate income taxes or taxes on wages.
109	Art Fish	Department of Administrative Services. Responds that it will come from corporate income tax.
119	Chair Witt	Reiterates that the local government has to be a sponsor, but there is anticipation that some of these revenues will come back from the state.
124	Rep. Bates	Notes that they are foregoing the potential of increasing taxes and not actually taking a loss.
134	Chair Witt	States that this is speculative.
144	Rep. Carlson	Asks if this is a reduction of increase or a net reduction.
150	Chair Witt	Responds that this is foregone taxes, calculated as if the facility would have been sited there anyway.
166	Rep. Carlson	Notes that Mr. Burton stated that Douglas County agreed to this. Asks how this agreement takes place.
176	Burton	Responds that this is a negotiated agreement between the local jurisdiction and the business, and that in the case of state taxes it is negotiated with the state and the Governor.
178	Rep. Devlin	Observes that OECDD is asking the legislature to reinstate a program that has attracted one entity. Asks what resources OECDD has put into the program.
198	Burton	Responds that the total effort would represent a small amount.
210	Chair Witt	Asks how much time and cost OECDD has put into the program prior to and since its inception.
220	Burton	Responds that his estimate is tens of hours. Notes that OECDD was not significantly involved in the creation of this program.
231	Fish	Responds that the time spent on this program has not been insignificant and has been part of their usual work.
273	Rep. Devlin	Asks why OECDD wants to retain the program.
279	Burton	Responds that the program offers an attractive incentive to significant investments in parts of Oregon that might not otherwise be considered.
298	Rep. Garrard	Notes that the impact in his area has been impressive.
305	Rep. Walker	Asks if there is \$7.7 million in tax credits and only \$4.1 million in payroll projected.
309	Chair Witt	Refers Rep. Walker to the new revenue impact statement.
319	Rep. Devlin	Asks if the property tax exemption applies to those attributed to the local governments, to those attributable to education, or to both.
325	Burton	Responds that it applies to all property taxes.
330	Chair Witt	Notes that when a local government foregoes property taxes, this doesn't directly impact that area because it gets spread through the system and impacts school districts statewide.
<b>340</b>	<b>Rep. Garrard</b>	<b>MOTION: Moves HB 2103 to the floor with a DO PASS recommendation.</b>
389	Rep. Carlson	Asks if there is any reason why they would not send this bill to the Revenue Committee.
405	Chair Witt	Responds that the bill goes directly to the floor.
		<b>VOTE: 10-1</b>
		<b>AYE: 10 - Bates, Brown, Carlson, Devlin, Garrard, Johnson, Knopp, Krummel, Monnes-Anderson, Walker V</b>
		<b>NAY: 1 - Witt</b>
		<b>(A motion is made later in the meeting to allow Rep. Johnson to vote AYE)</b>

406	Chair Witt	<b>The motion CARRIES.</b>
410	Chair Witt	<b>REP. GARRARD will lead discussion on the floor.</b> Closes the work session on HB 2103 and opens a work session on HB 2104.
<b><u>HB 2104 WORK SESSION</u></b>		
473	Clem	Reads preliminary staff summary on HB 2104.
<b>TAPE 65, A</b>		
036	Rep. Carlson	Asks about the expressed authority for the existing contracts with consultants.
039	Clem	Responds that he has a letter from Peter Shepherd, Deputy Attorney General, which explains the mission of the foreign trade office and contract specifications for OECDD.
066	Rep. Carlson	Asks why the staff measure summary states the bill does not authorize OECDD to use contracted consultants. Asks if the bill does not pass, does OECDD have statutory authority.
068	Chair Witt	Responds that OECDD would argue that they have statutory authority, but he doesn't think they do.
072	Clem	Notes that Legislative Counsel generated the language "to establish and operate" in order to give OECDD the flexibility to cover this situation.
076	<b>Rep. Knopp</b>	<b>MOTION: Moves HB 2104 to the floor with a DO PASS recommendation.</b>
081	Rep. Krummel	Asks for clarification that the bill is allowing OECDD to do something that they have been doing anyway.
087	Chair Witt	Responds that is part of the bill and that the other part allows them to contract locally for services overseas.
094	Rep. Krummel	Asks if the Attorney General will need to look at all of those contracts.
104	Doris Penwell	Oregon Economic and Community Development Department. Responds the bill gives OECDD the authority to expedite the work they do. Explains further.
		<b>VOTE: 9-2</b>
		<b>AYE: 9 - Bates, Brown, Carlson, Devlin, Garrard, Knopp, Krummel, Monnes Anderson, Walker V</b>
		<b>NAY: 2 – Johnson, Witt</b>
		<b>(A motion is made later in the meeting to allow Rep. Johnson to vote NAY)</b>
123	Chair Witt	<b>The motion CARRIES.</b>
135	Chair Witt	<b>REP. KRUMMEL will lead discussion on the floor.</b> Closes the work session on HB 2104 and opens the work session on HB 2858.
<b><u>HB 2858 WORK SESSION</u></b>		
148	Clem	Reads staff preliminary summary on HB 2858. Explains the proposed –1 amendments.
160	Rep. Walker	States that the amendment is creating a small business council that already exists.
165	Clem	Explains that the current small business council is temporary and the bill makes it permanent.
187	<b>Rep. Knopp</b>	<b>MOTION: Moves to ADOPT HB 2858-1 amendments dated 3/14/01.</b>
		<b>VOTE: 11-0</b>
188	Chair Witt	<b>Hearing no objection, declares the motion CARRIED.</b>
189	Rep. Krummel	Refers to line 21 of the second page. Asks if the effective date of

191	Chair Witt	the bill will create a five-year term.
195	Rep. Knopp	Responds that it will be four and a half years. <b>MOTION: Moves HB 2858 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.</b>
198	Rep. Walker	States her support for the bill.
204	Rep. Carlson	Explains she'll be voting for the bill.
227	Chair Witt	Notes his support for the bill.
229	Rep. Krummel	States that they need to define the difference between a small business and a micro business.
249	Rep. Walker	Reads the definition of a micro business from a pamphlet provided to her by the Governor's Small Business Council. <b>VOTE: 11-0</b>
260	Chair Witt	<b>Hearing no objection, declares the motion CARRIED.</b>
265	Chair Witt	Closes the work session on HB 2858 and reopens the work session on HB 2103.
<b><u>HB 2103 WORK SESSION (CONTINUED)</u></b>		
267	Chair Witt	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. JOHNSON to BE RECORDED as voting AYE on HB 2103.</b> <b>VOTE: 11-0</b>
268	Chair Witt	<b>Hearing no objection, declares the motion CARRIED.</b>
269	Chair Witt	Closes the work session on HB 2103 and reopens the work session on HB 2104.
<b><u>HB 2104 WORK SESSION</u></b>		
270	Witt	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. JOHNSON to BE RECORDED as voting NAY on HB 2104.</b> <b>VOTE: 11-0</b>
272	Chair Witt	<b>Hearing no objection, declares the motion CARRIED.</b>
274	Chair Witt	Closes the work session on HB 2104 and opens a public hearing on SB 275.
<b><u>SB 275 PUBLIC HEARING</u></b>		
307	Clem	Reads staff preliminary summary on SB 275.
335	Harlan Levy	Staff attorney, Oregon Association of Realtors (OAR). Submits written testimony ( <b>EXHIBIT A</b> ) and testifies in support of SB 275.
370	Chair Witt	Asks how this fund is generated and maintained.
372	Levy	Responds that he is not able to answer this.
377	Steven Santos	Brownsfields Redevelopment Coordinator, Oregon Economic and Community Development Department. Submits written testimony ( <b>EXHIBIT B</b> ) and testifies in support of SB 275.
437	Rep. Johnson	Asks Mr. Santos to explain what role OECDD played in the redevelopment in Astoria.
457	Santos	Explains OECDD's role in the redevelopment of Astoria.
460	Rep. Johnson	Notes that this redevelopment brought an old polluted mill site back into a very significant public benefit use.
465	Chair Witt	Closes the public hearing and opens a work session on SB 275.
<b><u>SB 275 WORK SESSION</u></b>		
472	Rep. Devlin	<b>MOTION: Moves SB 275 to the floor with a DO PASS recommendation.</b> <b>VOTE: 9-0</b>

474

Chair Witt

**EXCUSED: 2 - Rep. Krummel, Rep. Walker**  
**Hearing no objection, declares the motion CARRIED.**  
**REP. JOHNSON will lead discussion on the floor.**

480

Chair Witt

Closes the work session on SB 275 and adjourns the committee at 4:30 p.m.

Submitted By,

Reviewed By,

Renee' Lunsford,  
Committee Assistant

Daniel Clem,  
Committee Administrator

**EXHIBIT SUMMARY**

**A – SB 275, written testimony, Harlan Levy, 1 p**

**B – SB 275, written testimony, Steven Santos, 26 pp.**