

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

April 6, 2001
3:15 PM

Hearing Room 50
Tapes 99 - 101

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. Bill Garrard
Rep. Jerry Krummel
Rep. Laurie Monnes-Anderson
Rep. Vicki Walker

MEMBER EXCUSED: Rep. Richard Devlin

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

MEASURE/ISSUES HEARD: HB 3788 Work Session
HB 3207 Public Hearing and Work Session
HB 3208 Public Hearing and Work Session

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 99, A		
005	Chair Witt	Calls the meeting to order at 3:15 p.m. Opens work session on HB 3788.
<u>HB 3788 WORK SESSION</u>		
007	Rep. Monnes-Anderson	MOTION: Moves to RECONSIDER the vote by which "HB 3788 was sent to Ways and Means".
008	Rep. Monnes-Anderson	Asserts that the measure should not be sent to Ways and Means. Supports the measure.
010	Rep. Walker	Articulates her objections to sending HB 3788 to Ways and Means.
022	Chair Witt	Points out that there is a minority report on HB 3790 that addresses her concerns in this area.
025	Rep. Walker	Insists that the minority report on HB 3790 does not address HB 3788 or her -5 amendments to HB 3788.
033	Rep. Bates	Agrees with Rep. V. Walker's objections.
041		VOTE: 4-6 AYE: 4 - Bates, Johnson, Monnes Anderson, Walker V NAY: 6 - Brown, Carlson, Garrard, Knopp, Krummel, Witt EXCUSED: 1 - Devlin
051	Chair Witt	The motion FAILS.

052	Chair Witt	Closes the work session on HB 3788. Opens a public hearing on HB 3207.
<u>HB 3207 PUBLIC HEARING</u>		
053	Dan Clem	Committee Administrator. Explains HB 3207 and its amendments (EXHIBIT A).
059	Father Michael Maslowsky	Director of Housing, Archdiocese of Portland. Supports HB 3207. Explains his organizations housing programs. Notes funding problems.
110	Maslowsky	Explains difficulties of the predevelopment stage for non-profits. Mentions positive experiences working with the Oregon Health, Housing, Educational and Cultural Facilities Authority (HHECFA).
160	Maslowsky	Points out how HHECFA assists with their projects. Discusses deterrents to non-profits from developing low-income housing.
198	Rep. Johnson	Asks if the impediments to their projects were bureaucratic in nature rather than financial.
207	Maslowsky	Reports that his organization would lose control if they put the financial package together themselves.
227	Rep. Johnson	Clarifies that HHECFA does not duplicate other efforts in this area.
233	Maslowsky	Elaborates on the services that HHECFA offers that assist non-profit organizations in developing affordable housing.
255	Chair Witt	Asks if removing housing from HHECFA's financing authority would harm to non-profit organizations' housing development projects.
260	Maslowsky	Agrees with Chair Witt.
267	Mark Siegel	Oregon Federation of Independent Schools. Supports HB 3207 (EXHIBIT B). Notes that private K-12 schools cannot access financing through HHECFA.
318	Rep. Monnes-Anderson	Asks what happens if a private school cannot meet its bond obligation.
325	Siegel	Responds that the bonds never affect the state's bond rating. Adds that HHECFA only acts as a conduit for taking the bonds to market.
330	Rep. Monnes-Anderson	Asks if there is a bonding capacity with HHECFA.
341	Siegel	Replies that HHECFA can authorize up to \$500 million in bonds.
350	Rep. Bates	Clarifies that the bonds have to be repaid by the issuer and do not affect the state's bonding capacity. Adds that these bonds are exempt from state and federal taxes.
360	Siegel	Concurs with Rep. Bates' assessment of the situation.
368	Rep. Bates	Adds that these bonds can be sold at a lower rate than otherwise possible.
390	Leslie Workman	Board Member, Oregon Episcopal School. Support of HB 3207 (EXHIBIT C). Discusses their funding problems.
412	Kevan Anderson	Development Officer, The French American International School. Supports HB 3207 (EXHIBIT D). Discusses HHECFA's advantages.
460	Anderson	Illustrates the benefits of HB 3207 to her school.
TAPE 100, A		
003	Chair Witt	Notes that he has taught at this school, which is in his district.
050	Greg Leo	Parent, The French American School. Supports HB 3207. Extols the virtues of the school and why it should be assisted.
021	Bill Love	Executive Director, HHECFA. Supports HB 3207 (EXHIBIT

		E). Outlines how other states administer bond offerings for non-profits.
075	Love	States that HHECFCA can administer the proposed program. Emphasizes that HHECFCA is merely a conduit; there is no risk to or expenditure by the state
104	Rep. Carlson	Distributes the HB 3207 –1 amendments (EXHIBIT F) and copies of housing statutes (EXHIBIT G). Discusses the differences between HHECFCA and the Housing and Community Services Department (HCSD) (EXHIBIT H).
155	Rep. Carlson	Asserts that both agencies compete in the bond market, essentially duplicating housing financing authority. States that this duplication complicates coordination of bond financed housing.
200	Rep. Carlson	Highlights other problems with the duplication of housing authority.
232	Rep. Johnson	Asks Rep. Carlson to reconcile conflicting testimony regarding HHECFCA and HCSD.
244	Rep. Carlson	Indicates that she has the same questions.
247	Rep. Johnson	Asks if HHECFCA has been involved with any substandard projects.
256	Rep. Carlson	Responds that there are several projects that HHECFCA did not monitor and were later found to have problems.
259	Rep. Johnson	Wonders if HCSD has suffered lost of business to HHECFCA.
268	Rep. Carlson	Clarifies her point on that issue.
271	Rep. Johnson	Asks Mr. Kenny to comment on Rep. Carlson’s testimony.
284	Jack Kenny	States that Rep. Carlson’s comments were accurate.
296	Rep. Bates	Asks if there is any risk to the state if a project is built and fails.
308	Love	Indicates there is no risk to the state. Explains the bonding process.
338	Rep. Bates	Asks if bonds issued by HCSD are covered by the state.
341	Kenny	Clarifies that HCSD has two bond programs: a conduit program like HHECFCA and a pool program.
354	Rep. Bates	Asks if any HCSD projects have been found to be substandard.
360	Kenny	Reports that HCSD and HHECFCA have not lost IRS status due to a substandard project.
370	Rep. Monnes-Anderson	Asks if the –1 and –2 amendments conflict. Asks if any school can obtain bonds through HHECFCA.
389	Love	Responds that currently K-12 schools cannot obtain bonds through HHECFCA.
390	Rep. Monnes-Anderson	States she would anticipate a number of schools applying for this bond program. Asks how quickly the bonding capacity would be exhausted.
400	Love	Indicates that he does not know. Adds that public schools are not likely to use this service as they can obtain cheaper bonds on their own.
426	Rep. Carlson	Asks how HCSD times bond offerings. Asks for comment on Mr. Maslowsky’s situation.
450	Kenny	Replies that pool bonds need to be offered in \$10 million blocks. Adds that conduit programs can go to market when a project is ready.
473	Love	Agrees with Mr. Kenny.
TAPE 99, B		
047	Rep. Carlson	Asks for clarification on the types of money involved. Ask how this bill might affect Oregon’s bond cap.

054	Chuck Smith	Director, Debt Management for Oregon State Treasury. Explains the sources of money and risks in conduit programs.
068	Rep. Carlson	Asks Mr. Smith to comment on the bond cap.
070	Smith	Indicates that there are a number of bond caps.
079	Rep. Carlson	Asks if there is an overall bond cap for the State of Oregon.
083	Smith	Explains how the bond capacity for Oregon is determined. Notes that HHECFCA is not part of that cap.
092	Rep. Carlson	Asks Mr. Kenny to respond.
094	Kenny	Replies that Mr. Smith's comments were accurate.
102	Rep. Carlson	Asks for clarification about how HHECFCA and HCSD are in competition for Oregon's limited capacity.
105	Kenny	Comments on private activity bonds.
115	Smith	Adds the bond cap was increased 25% effective January 1, 2001, thus making more bonds available for everyone.
124	Rep. Carlson	Asks if this recent development reduces competition for limited bond capacity.
130	Smith	States that this will reduce pressure in the bond market.
136	Rep. Carlson	Asks Mr. Kenny to respond.
147	Kenny	Agrees with Mr. Smith's comments.
148	Rep. Carlson	Asks what credit enhancement is.
152	Kenny	Explains the service, which is available through the conduit program.
168	Rep. Carlson	Asks if Mr. Maslowsky's case would be handled differently today.
170	Kenny	Responds affirmatively.
175	Smith	Conveys that the two conduit programs are very similar.
186	Rep. Carlson	Asks Mr. Smith if the State Treasurer is involved in the HCSD's housing policy.
193	Smith	Replies that the State Treasurer works closely with both organizations to issue bonds. Maintains that HHECFCA and HCSD are complementary.
200	Rep. Carlson	Asks if there is any coordination beyond issuing bonds.
206	Smith	Explains the type of housing HHECFCA and HCSD develop.
210	Rep. Carlson	Asks if the State Treasurer is involved in the coordinating process.
214	Smith	Outlines the coordination process.
237	Kenny	States HCSD works closely with HHECFCA to coordinate efforts.
252	Rep. Carlson	Asks if there were quality problems with past projects. Asks Mr. Smith if there are ways to ensure quality housing in the future.
285	Smith	Replies that there are monitoring programs at HHECFCA.
295	Rep. Carlson	Asks if HHECFCA ever physically inspects housing.
300	Love	Indicates that HHECFCA does go to housing projects. Notes they have limited oversight authority. Adds that lenders do follow-up.
365	Rep. Carlson	Asks Mr. Kenny how to prevent substandard housing in the future.
375	Kenny	Replies that the two agencies are combining their expertise to ensure high quality low cost housing in Oregon.
444	Rep. Krummel	Asks why HCSD started a conduit program when HHECFCA has one in place.
459	Kenny	States that HCSD began the program as a response to market needs. Reviews the benefits of HCSD's conduit program.
TAPE 100, B		
048	Rep. Krummel	Asks Mr. Love if he supports the -1 amendments.

050	Love	States that HHECFA's housing authority should not be removed.
		Opposes the amendment.
100	Rep. Krummel	Asks if housing codes are followed regardless of the type of housing being built.
108	Kenny	Agrees with Rep. Krummel.
114	Love	Agrees with Rep. Krummel.
117	Smith	States that the State Treasurer opposes the -1 amendments.
126	Rep. Carlson	Withdraws request to move the -1 amendments.
135	Rep. Walker	Asks a question about the measure and the -2 amendments.
150	Harrison Conley	Bill Drafter, Legislative Council. Acknowledges that there is a mistake in the -2 amendments. Comments on the definitions of "includes" and "means." Notes that the terms are incompatible.
182	Rep. Walker	Expresses concern about providing funding to faith based schools. Proposes an amendment. Asks for clarification that the amendment does not permit funding that the Constitution disallows.
185	Conley	Indicates that he does not know the answer. Points to language in the amendment to address Rep. Walker's concerns.
210	Chair Witt	Adds that sectarian schools can receive public funds for non-sectarian purposes today.
211	Conley	Agrees that is the case.
214	Rep. Walker	Asks if "not include" should be changed to "not meaning".
217	Conley	Advises that is not necessary.
233	Rep. Monnes-Anderson	Asks if a school attached to a church would be eligible for the conduit bond program.
240	Chair Witt	Says the discussion is getting more complex than needed. Insists that nothing in the measure or amendments goes beyond current permissible involvement of sectarian institutions in HHECFA programs.
261	Rep. Walker	Argues that the -2 amendments need to be refined.
268	Chair Witt	Replies that it is unnecessary.
270	Rep. Bates	Asks if using "means" makes this measure more restrictive than current law.
272	Conley	Agrees with Rep. Bates.
277	Rep. Bates	Suggests that these changes do not need to be made.
288	Conley	Refers to line 10 of the -2 amendments to explain the proposed change.
307	Chair Witt	Announces that if there is consensus to the proposed amendment he will not oppose it.

HB 3207 WORK SESSION

310 **Rep. Bates**

MOTION: Moves to SUSPEND the rules for the purpose of adopting conceptual amendments to the -2 amendments to HB 3207.

VOTE: 10-0

EXCUSED: 1 - Devlin

Hearing no objection, declares the motion CARRIED.

315 **Chair Witt**
Rep. Bates

MOTION: Moves to ADOPT HB 3207-2 amendments dated 03/30/01 and that the measure be FURTHER AMENDED on page 1, line 10, by deleting "include" after "not" and on page 1, line 10, by inserting "mean" after "not".

VOTE: 10-0

EXCUSED: 1 - Devlin

325 Chair Witt
Rep. Bates Hearing no objection, declares the motion CARRIED.
MOTION: Moves to ADOPT as AMENDED HB 3207-2
amendments dated 03/30/01.
VOTE: 10-0
EXCUSED: 1 - Devlin

330 Chair Witt
Rep. Bates Hearing no objection, declares the motion CARRIED.
MOTION: Moves HB 3207 to the floor with a DO PASS AS
AMENDED recommendation.

350 Rep. Johnson Asks why pre-kindergarten programs are included in the
measure.

361 Chair Witt Explains why pre-kindergarten was included in the language.
374 Rep. Johnson Asks about a statement made by Mr. Love.
381 Love Explains that they have not been approached by any public high
school to obtain bonds through their conduit program.

415 VOTE: 10-0
AYE: In a roll call vote, all members present vote Aye.
EXCUSED: 1 - Devlin
Chair Witt The motion CARRIES.
REP. BATES will lead discussion on the floor.

450 Chair Witt Closes the work session on HB 3207. Opens a public hearing on
HB 3208.

HB 3208 PUBLIC HEARING

454 Clem Explains HB 3208 renames HHECFAs as the Oregon Facilities
Authority and establishes the Oregon Facilities Authority
Account.

TAPE 101, A

033 Love Supports HB 3208. Explains why their name should be changed
(EXHIBIT I).

053 Chair Witt Closes the public hearing on HB 3208. Opens a work session on
HB 3208.

HB 3208 WORK SESSION

060 Rep. Johnson Moves HB 3208 to the floor with a DO PASS recommendation.
055 Rep. Johnson MOTION: Moves HB 3208 to the floor with a DO PASS
recommendation.
058 VOTE: 10-0
AYE: In a roll call vote, all members present vote Aye.
EXCUSED: 1 - Devlin
Chair Witt The motion CARRIES.
071 Rep. Johnson MOTION: Moves HB 3208 be placed on the CONSENT
CALENDAR.
VOTE: 10-0
EXCUSED: 1 - Devlin
Chair Witt Hearing no objection, declares the motion CARRIED.
075 Chair Witt Closes the work session on HB 3208. Adjourns the meeting at
5:35p.m.

Transcribed By,

Reviewed By,

Kevin Wells,
Committee Assistant

Daniel Clem,
Committee Administrator

EXHIBIT SUMMARY

- A. HB 3207 – LC amendment –2 (3/30/01), staff, 1 p.**
- B. HB 3207 – written testimony, Mark Siegel, 2 pp.**
- C. HB 3207 – written testimony, Leslie Workman, 1 p.**
- D. HB 3207 – written testimony, Kevan Anderson, 3 pp.**
- E. HB 3207 – written testimony, Bill Love, 2 pp.**
- F. HB 3207 – -1 amendments, Rep. Carlson, 11 pp.**
- G. HB 3207 – OR Statute 456.572, Rep. Carlson, 1 p.**
- H. HB 3207 – written testimony, Rep. Carlson, 3 pp.**
- I. HB 3208 – written testimony, Bill Love, 2 pp.**