

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

May 16, 2001
3:15 PM

Hearing Room 50
Tapes 148 - 149

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: **Dan Clem, Administrator**
 Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: **HB 3902 Work Session**
 HB 3633 Work Session
 HB 3007 Work Session
 SB 827-A Public Hearing

Session	HB	2288	Work
			HB 2235 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 148, A		
003	Chair Witt	Calls the meeting to order at 3:50 p.m. Opens a work session on HB 3902.
<u>HB 3902 WORK SESSION</u>		
007	Rep. Dan Doyle	House District 30. Testifies in support of the –1 amendments (EXHIBIT A) to HB 3902. Provides a brief overview of the -1 amendments.
063	Rep. Carlson	Expresses concern that money left over could still be used for other purposes, so long as there was some specified purpose. Asks whether the –1 amendments address this concern.
070	Rep. Doyle	Explains that the statement will be required to list specific projects.
081	Rep. Knopp	MOTION: Moves to ADOPT HB 3902-1 amendments dated 5/15/01.
085	Rep. Johnson	Says it would be appropriate to receive testimony regarding the –1 amendments from those brought into the bill. Suggests that education related interests such as the Oregon School Boards Association (OSBA) and the Confederation of Oregon School Administrators (COSA) should also be asked to testify. Remarks that the –1 amendments move beyond the scope of the original bill to specific districts and states that the Special Districts Association (SDA) should also be asked to testify.

103	Rep. Carlson	Concurs.
109	Rep. Bates	Requests clarification as to the intent of the language in section 5 related to municipalities and asks why municipalities were singled out.
114	Rep. Doyle	Responds that the statute referenced by the language deals specifically with municipalities.
123	Rep. Bates	Asks whether municipalities needed to be dealt with separately from other local governmental bodies.
125	Rep. Doyle	Replies affirmatively.
133		VOTE: 11-0
	Chair Witt	Hearing no objection, declares the motion CARRIED.
138	John Marshall	OSBA. Testifies in opposition to the –1 amendments to HB 3902. Says the –1 amendments broaden the bill to affect other entities, including school districts. Assures that school boards take their bonding responsibility very seriously. Opines that the amendments create an overly restrictive process that will inhibit the ability of school districts to respond to local conditions. Describes the process by which bonds are issued for new school construction. Notes that property costs and interest rates can fluctuate, and requiring specific locations in ballot titles will hinder the ability to settle on a cost.
191	Marshall	Mentions that taxpayers can already file suit if bond proceeds are spent inappropriately. Asserts that no school district wishes to default on its bonds, as it would negatively affect bond ratings and prospects for future bonding. Concludes by opposing the amended bill.
210	Chuck Bennett	COSA. Testifies in opposition to the –1 amendments to HB 3902.
218	Ken Armstrong	Seattle Northwest Securities. Testifies in opposition to the –1 amendments to HB 3902. Emphasizes that costs can change between bond elections and project completion. Encourages the committee to reject the amended bill.
228	Chair Witt	Asks what specifically within the –1 amendments Mr. Armstrong finds objectionable.
234	Armstrong	Responds that the ballot title requirement is the primary point of objection.
240	Chair Witt	Asks whether voters have a right to know what it is they are approving.
243	Armstrong	Acknowledges that voters should have that right but says administrators need flexibility to make projects work.
250	Chair Witt	Asks whether an entity requesting bonding approval should be restricted to spending the money on specific projects.
255	Armstrong	Agrees, but says the –1 amendments are sufficiently vague to possibly require the listing of specific locations be in ballot titles.
269	Rep. Garrard	Wonders how a bond can possibly be issued for a project that is so early in the planning stage that a location has not yet been chosen.
274	Marshall	Explains that a typical ballot title might indicate the purpose to be the construction of a middle school, for which an estimate is all that is needed in order to begin the bonding process. Says that under the provisions of the –1 amendments this requirement is insufficiently specific.
294	Rep. Garrard	Suggests that bond estimates could be made higher than the

		projected cost in order to compensate, which would be allowed by the amended bill. Disputes the validity of Mr. Armstrong's objection.
307	Marshall	Clarifies it is the specificity of the requirement, rather than the cost, that is objectionable. Remarks that bond dales are dependent upon the state of the market. Says it is not a good idea to encourage school districts to round their requests up to the nearest \$10 million. Asserts that it is preferable for districts to estimate to the best of their ability and then do their best to meet the estimated cost.
334	Rep. Krummel	Asks whether a bond issued for purposes of replacing a current high school would be sufficient to meet the requirements of the – 1 amendments.
350	Marshall	Replies it would not.
354	Rep. Krummel	Asks whether project managers should not already have a site selected and a building plan in place before seeking bonding.
367	Marshall	Responds that project managers need to have an idea of what a project will cost, based upon discussions with contractors. Says that notice of bond elections is not always specific, certainly not enough to satisfy the amended bill.
396	Rep. Krummel	Wonders how school districts budget for new school construction.
403	Marshall	Answers that the contractors and architects can provide rough cost estimates if they have an idea as to the land that the projects will be built upon.
TAPE 149, A		
006	Rep. Krummel	Asks whether contingencies are typically built into cost estimates.
011	Marshall	Replies affirmatively, adding that he is uncertain as to how large the typical contingency might be.
014	Rep. Carlson	Asks if the phrase "description of the specific uses" would be preferable language to amend into the bill.
020	Marshall	Expresses some interest in doing so.
023	Rep. Carlson	Comments that the language that is currently in the measure is sufficiently specific. Asks if the addition of the word "estimated" before "expenditures" would that make the term less objectionable.
027	Marshall	Replies that the Salem City Attorney might be able to determine what the appropriate language might be
033	Rep. Carlson	Notes that listing the balance has worked in the past. Asks whether HB 3902 as amended would allow a bonding measure to allow remaining funds to be used for other purposes.
044	Marshall	Says such a phrase would address some of his concerns.
048	Laurie Wimmer-Whelan	Oregon Education Association (OEA). Testifies in opposition to the –1 amendments to HB 3902.
052	Hasina Squires	SDA. Testifies in opposition to the –1 amendments to HB 3902. Indicates that SDA's bond counsel has expressed concern regarding the use of the word "expenditures" and the phrase "specific project."
067	Chair Witt	Asks whether SDA would prefer the phrase "a statement of the specific projects that the bond proceeds would be used to fund."
069	Squires	Answers that the alternative language would be preferable.
075	Henry Behrendt	Salem-Keizer Schools. Testifies in opposition to the –1 amendments to HB 3902 (EXHIBIT B). States it is often difficult to generate detailed cost estimates prior to bond approval

		and that most bond estimates are approximations. Mentions that the bonds sold in 1998 received excellent conditions that allowed for a shorter payoff period.
115	Eric Jannesson	City of Portland. Testifies in opposition to the –1 amendments to HB 3902. Says the bill would unnecessarily inhibit the Portland’s bonding ability. Comments that variables that affect costs can sometimes change and affect project costs. Says he would support the substitution of the alternative language mentioned by the chair.
145	Rep. Johnson	Asks if the language in question is located on page 2, lines 7-8.
147	Jannesson	Replies affirmatively, adding that the language would also need to be changed on page 3, lines 17-18.
151	Rep. Krummel	Requests confirmation as to the language that is to be changed and its location.
154	Jannesson	Says the specific language is found in ORS 250.037, subsection 3, which reads “a reasonably detailed, simple, and understandable description of the use of proceeds.”
167	Bob Cantine	Association of Oregon Counties (AOC). Testifies in support of the –1 amendments and the proposed language advanced by the City of Portland.
181	Rep. Carlson	Describes the proposed language: <ul style="list-style-type: none"> • Replace the word “expenditures” with “uses” • Add the phrase “a statement of the specific projects that the bond proceeds would be used to fund”
194	Rep. Doyle	Consents to the conceptual amendment.
197	Rep. Carlson	Proposes language related to the length of time for bonds to mature.
205	Rep. Doyle	Responds that the maturation time language was inserted by Legislative Counsel (LC) to conform the bill with statute.
223	Rep. Carlson	Requests that some way be found to address the concerns raised by the representatives of Salem/Keizer schools.
236	Rep. Doyle	Observes that LC has expanded the provision.
240	Rep. Carlson	Asks Rep. Doyle whether it is his opinion that the language does not prohibit shortening the bond maturation timeline.
243	Rep. Doyle	Answers that if districts already have that flexibility then it is probable that the new language would retain that flexibility.
248	Harrison Conley	Deputy Legislative Counsel. Comments that the use of the term “maximum” is different than calling the bonds early. Explains that the timeline would begin at each issue date.
266	Rep. Devlin	Asks whether bonds issued at fluctuating rates would be covered.
274	Conley	Says that when a bond is issued it has a set maturity date, such as 30 years.
280	Rep. Devlin	Asks what happens when a bond is paid off on a date past that of the original maturation date.
288	Conley	Clarifies that in many cases a second bond is issued that replaces the previous one, meaning that the maturation date would be reset according to the previous, recalled bond.
306	Rep. Devlin	References an effort to provide an accurate bond maturity date and asks whether reissuing a new bond to replace the old violates the agreement with the voters under which the original bond was put forward.
319	Conley	Replies that the situation referred to by Rep. Devlin is part of current practice.

340 Rep. Carlson **MOTION: Moves to SUSPEND the rules for the purpose of making a conceptual amendment to the HB 3902 as amended.**

346 Chair Witt **VOTE: 11-0**
Hearing no objection, declares the motion CARRIED.

350 Rep. Carlson **MOTION: Moves to AMEND HB 3902 on page 2, in line 7 of the -1 amendments, delete "expenditures" and insert "uses" and on page 3, in line 17, delete "expenditures" and insert "uses" and on page 2, in line 12 of the printed bill, delete "expenditures" and insert "uses".**

370 Chair Witt **VOTE: 11-0**
Hearing no objection, declares the motion CARRIED.

373 Rep. Carlson **MOTION: Moves HB 3902 to the floor with a DO PASS AS AMENDED recommendation.**

378 Rep. Johnson Requests that the committee solicit testimony from representatives of Salem/Keizer schools regarding the conceptual language.

383 Rep. Krummel Hypothesizes that Salem/Keizer schools would support the conceptual amendment, based upon the testimony received. Remarks that the amended measure does not seem any more onerous than current state law. Says he does not remember any projects in Wilsonville progressing to bond sale with as little planning as that mentioned by those who spoke in opposition to the -1 amendments. Expresses support for the motion.

TAPE 148, B

015 Rep. Monnes-Anderson Mentions that the school board on which she served passed three bonds for three different schools. Asserts that it is not always possible to predict the cost of building projects.

037 Chair Witt Acknowledges the concerns regarding the contingency fund and says that the 15 percent limitation has been removed by the -1 amendments.

039 Rep. Carlson Acknowledges the concerns raised and submits that the conceptual amendments address them. Expresses hope that listing of a project or use could be a phrase allowing additional uses. Acknowledges the goal of preventing bonding from becoming a pot of money from which to draw for undefined projects. Offers to work further on the measure if necessary.

071 Rep. Garrard Recalls the project to rebuild all government buildings in Klamath County, after which there was \$2 million left over, which was returned to the citizens of the county. Emphasizes that the bill seeks only to enhance accountability.

078 Rep. Bates Opposes the motion, as Rep. Garrard's example proves that money can be returned to voters without the assistance of this legislation. Expresses concern about the possibility of unintended consequences.

088 Rep. Walker Indicates she will not support the motion. Argues that it is critical to allow all interested parties to respond to conceptual amendments.

100 Rep. Johnson Concurs.

106 **VOTE: 6-5**
AYE: 6 - Brown, Carlson, Garrard, Knopp, Krummel,

		Witt
		NAY: 5 - Bates, Devlin, Johnson, Monnes Anderson, Walker V
	Chair Witt	The motion CARRIES.
112	Chair Witt	REP. DOYLE will lead discussion on the floor. Closes the work session on HB 3902 and opens a work session on HB 3633.
		HB 3633 WORK SESSION
117	Chair Witt	MOTION: Moves HB 3633 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the Committee on Advancing E-Government.
128		VOTE: 6-4-1 AYE: 6 - Brown, Carlson, Garrard, Knopp, Krummel,
		Witt
		NAY: 4 - Bates, Johnson, Monnes Anderson, Walker V
		EXCUSED: 1 - Devlin
	Chair Witt	The motion CARRIES.
132	Chair Witt	Closes the work session on HB 3633 and opens a work session on HB 3007.
		HB 3007 WORK SESSION
146	Chair Witt	Indicates that the –8 amendments (EXHIBIT D) have been replaced by the –9 amendments (EXHIBIT E), which replace the original bill. Explains that the –9 amendments insert most of the language that was contained within HB 2816, which has become bottled up in the Senate Committee on Business, Labor, and Economic Development. Says the balance of HB 2816 will be inserted into other bills.
154	Rep. Walker	Asks if there is anything remaining of the original bill in the –9 amendments.
157	Chair Witt	Replies negatively.
159	Rep. Johnson	Requests a summary of the portions of HB 2816 that did make it into the –9 amendments to HB 3007.
160	Chair Witt	Answers that everything that could fit under the relating-to clause of HB 3007 was inserted into the –9 amendments. Lists the items that did not make it into the –9 amendments: <ul style="list-style-type: none"> • The requirement that the Department of Administrative Services (DAS) remove mercury switches from cars • Restrictions on the use of mercury devices in schools • The requirement for a report to be generated by the Department of Environmental Quality (DEQ) regarding mercury
175	Rep. Jeff Merkley	House District 16. Testifies in support of the –9 amendments to HB 3007. Emphasizes the importance of the bill and thanks the committee for working to revive the concepts embodied in HB 2816.
182	Rep. Knopp	Mentions that the portion of HB 2816 dealing with immunizations containing mercury did not make it into the –9 amendments and will likely be amended into another bill.

188	Rep. Johnson	MOTION: Moves to ADOPT HB 3007-9 amendments dated 5/16/01.
189		VOTE: 10-0-1
	Chair Witt	EXCUSED: 1 - Devlin
190	Rep. Johnson	Hearing no objection, declares the motion CARRIED.
197		MOTION: Moves HB 3007 to the floor with a DO PASS AS AMENDED recommendation.
	Chair Witt	VOTE: 10-0-1
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 - Devlin
		The motion CARRIES.
		REPS. MERKLEY AND WITT will lead discussion on the floor.
210	Chair Witt	Closes the work session on HB 3007 and opens a work session on SB 827-A.
		<u>SB 827-A PUBLIC HEARING</u>
215	Jim Gardner	Hertz Corporation. Testifies in support of the –A4 amendments (EXHIBIT F) to SB 827-A. Explains that the –A4 amendments stipulate that Hertz (a wholly owned subsidiary of the Ford Motor Company) may not be used as a conduit for sales of new or nearly new cars. Requests that the committee amend the bill and subsequently send the amended bill to the Committee on Rules, Redistricting and Public Affairs for further consideration.
240	Paul Romain	Oregon Automobile Dealers Association (OADA). Indicates that the –A4 amendments are the result of months of negotiation, adding that OADA may or may not support the amended bill as it moves through the process.
252	Rep. Krummel	Requests an explanation as to why the –A4 amendments completely replace SB 827-A.
255	Romaine	Recalls that the entire text of SB 827-A was previously amended into SB 826 and passed by the committee. Indicates that SB 827-A is being used here as a vehicle to take care of a few additional details.
264	Gardner	Mentions that SB 827-A as amended by the –A4 amendments make only minor adjustments.
269	Chair Witt	Closes the public hearing and opens a work session on SB 827-A.
		<u>SB 827-A WORK SESSION</u>
274	Rep. Knopp	MOTION: Moves to ADOPT SB 827-A-A4 amendments dated 5/16/01.
276	Rep. Monnes-Anderson	Asks if there are any groups known to object to the bill.
280	Fuller	Replies that they are aware of no objection.
284		VOTE: 10-0-1
	Chair Witt	EXCUSED: 1 - Devlin
		Hearing no objection, declares the motion CARRIED.
285	Rep. Knopp	MOTION: Moves SB 827-A to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the Committee on Rules, Redistricting, and Public Affairs.
290		VOTE: 10-0-1
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 - Devlin

		Department of Administrative Services (EXHIBIT G) has submitted testimony.
023	Chair Witt	Provides an explanation of the –A8 amendments.
028	Rep. Carlson	Indicates she will not support a motion to adopt the –A8 amendments to HB 2235-A. Expresses concern about the possible loss of jobs. Asserts that the idea of imposing a percentage requirement when there is uncertainty as to how much work will be performed is problematic.
038	Rep. Bates	Opposes adoption of the –A8 amendments.
040	Rep. Johnson	States she will not support the –A8 amendments.
044	Rep. Monnes-Anderson	Indicates opposition to the –A8 amendments.
		No motion was made to further amend HB 2235-A.
050	Rep. Knopp	MOTION: Moves HB 2235-A to the floor with a DO PASS recommendation.
058		VOTE: 6-3-2
		AYE: 6 - Bates, Brown, Carlson, Knopp, Krummel, Witt
		NAY: 3 - Garrard, Johnson, Monnes Anderson
		EXCUSED: 2 - Devlin, Walker V
	Chair Witt	The motion CARRIES.
		REP. HILL will lead discussion on the floor.
		Closes the work session on HB 2235-A and adjourns the meeting at 5:20 p.m.

Submitted By,

Reviewed By,

Patrick Brennan,
Committee Assistant

Dan Clem,
Committee Administrator

EXHIBIT SUMMARY

- A – HB 3902, -1 amendments, staff, 3 pp.**
- B – HB 3902, testimony, Henry Behrendt, 4 pp.**
- C – HB 3633, -7 amendments, staff, 2 pp.**
- D – HB 3007, -8 amendments, staff, 17 pp.**
- E – HB 3007, -9 amendments, staff, 17 pp.**
- F – SB 827-A, -A4 amendments, staff, 6 pp.**
- G – HB 2235-A, testimony, Fariborz Pakseresht, 9 pp.**