

**WORK SESSION: SB 248-A, HB 2248-A, HB 3344-A, HB 2082-A**

**PUBLIC HEARING & WORK SESSION: SB 548-A, HB 2181-A**

**TAPES 191, 192 A/B**

## **HOUSE REVENUE COMMITTEE**

**MAY 18, 1999 ñ 8:15 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

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

Barbara Guardino, Committee Assistant

Witnesses: Dave Tyler, Oregon Dept. of Transportation

Bert Farrish, Columbia Grain Company

Roger Martin, Columbia Grain Company

Bill Scott, Oregon Economic Development Department.

Art Fish, Oregon Economic Development Department

Jim Manary, Oregon Dept. of Revenue

Joe Hobson, Sr., Keizer

Rep. Richard Devlin, District 24

Don Schellenberg, Oregon Farm Bureau

**TAPE 191, SIDE A**

009 Chair Strobeck Called meeting to order at 8:25 a.m. Opened work session on HB 3344-A.

**WORK SESSIONS ñ HB 3344-A, HB 2082-A**

019 Chair Strobeck Committee will not adopt HB 3344-A8 and HB 3344-A14 (see May 11, exhibits 7 and 13). They are included in HB 2190.

025 Dave Tyler ODOT continues to work with petroleum industry with changes to HB 2190. Comfortable with bill 3344 without amendments ñA8 or ñA14.

040 Chair Strobeck **MOTION: MOVED ñA9 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

041 Chair Strobeck **MOTION: MOVED ñA10 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

044 Chair Strobeck **MOTION: MOVED ñA11 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

047 Chair Strobeck **MOTION: MOVED ñA12 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

049 Chair Strobeck **MOTION: MOVED ñA15 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

052 Chair Strobeck **MOTION: MOVED ñA16 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

057 Rep. Witt **MOTION: MOVED ñA17 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.**

075 Rep. Witt **MOTION: MOVED ñA18 AMENDMENTS TO HB 3344-A BE ADOPTED.**

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

082	Rep. Witt	<b>MOTION: MOVED ¨A22 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
088	Chair Strobeck	<b>MOTION: MOVED ¨A20 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
091	Chair Strobeck	<b>MOTION: MOVED ¨A23 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
094	Chair Strobeck	<b>MOTION: MOVED ¨A24 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
112	Rep. Witt	<b>MOTION: MOVED ¨A25 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
119	Rep. Kafoury	<b>MOTION: MOVED -A4 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
124	Chair Strobeck	<b>MOTION: MOVED ¨A30 AMENDMENTS TO HB 3344-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
127	Yates	Reviewed HB 3344-A31 amendments ( <b>EXHIBIT 1</b> ), fixed and variable fees.
146	Yates	Reviewed revenue impact charts: HB 3344 Revenue Impact Model HB 3344A: Registration Fees ( <b>EXHIBIT 2</b> ); and Reduced Registration Fees Proposed by OTA ( <b>EXHIBIT 3</b> ).
207	Yates	Continued discussion on revenue impact, what constitutes revenue neutrality.
233	Yates	Directed members' attention to fiscal impacts for HB 3344-A ( <b>EXHIBIT 4</b> ) and HB 2082-A ( <b>EXHIBIT 5</b> ).  Exhibit 4: Does not address amendments. Shows position reductions with respect to eliminating weight-mile tax that would reduce ODOT costs.
264	Chair Strobeck	Based on fiscal impact, would not recommend moving HB 3344-A31 amendments.

271	Chair Strobeck	<b>MOTION: MOVED HB 3344-A, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.</b>
278	Rep. Merkley	Will oppose bill. Is not persuaded of revenue neutrality/cost responsibility.
305	Rep. Shetterly	Will oppose bill. Cost responsibility is best achieved by weight-mile tax. Would prefer to improve present system including new technology.
330	Rep. Williams	Will oppose bill. Concurred with Rep. Shetterly's comments. Would like to work with trucking industry to improve administrative burden of current system.
350	Rep. Witt	Will support bill. It is cost responsible, and approaches revenue neutrality.  Weight-mile system is inefficient.
367	Chair Strobeck	Will support bill. This is the best proposal in last three sessions. Thanked trucking industry for their hard work. Agreed with opponents that it is not as precise as weight-mile tax, although it can be adjusted to maintain cost responsibility between automobiles and heavy vehicles.
420	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION FAILED 4-5-0</b>  <b>REPRESENTATIVES VOTING AYE: KAFOURY, WELSH, WITT, CHAIR STROBECK</b>  <b>REPRESENTATIVES VOTING NAY: MERKLEY, ROSENBAUM, SHETTERLY, WILLIAMS, VICE CHAIR RASMUSSEN</b>
433	Chair Strobeck	Closed work session on HB 3344-A. Opened work session on HB 2082-A.  <b><u>TAPE 192, SIDE A</u></b>
023	Richard Yates	Reviewed HB 2082-A23 amendments ( <b>EXHIBIT 6</b> ). Rewrite of ñA19 amendments (see May 17, exhibit 10) with one change on page 9, line 26, wording is changed.
039	Chair Strobeck	Language in ñA23 represents agreement by all parties including ODOT, governor's office, chair, and legislative assembly.
060	Chair Strobeck	<b>MOTION: MOVED ñA20 AMENDMENTS TO HB 2082-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>

067	Yates	Reviewed differences between HB 2082-A21 and ñA22 amendments (see May 17, exhibits 12 and 13).
090	Chair Strobeck	<b>MOTION: MOVED ñA21 AMENDMENTS TO HB 2082-A BE ADOPTED. HEARING NO OBJECTION, CHAIR SO ORDERED.</b>
092	Chair Strobeck	<b>MOTION: MOVED ñA23 AMENDMENTS TO HB 2082-A BE ADOPTED.</b>
094	Rep. Merkley	Discussion on page 9, line 26.
124		<b>HEARING NO OBJECTION, THE CHAIR SO ORDERED.</b>
126	Yates	Noted page 5 of bill, -A23 amendments built in flat fees for most vehicles, but omit it on lines 15-23 for farm vehicles. There is no basis for setting this fee, so recommends deleting it.
140	Chair Strobeck	<b>MOVED CONCEPTUAL AMENDMENT TO HB 2082-A23 AMENDMENTS TO DELETE LINES 15-23. ASKED FOR OBJECTIONS TO DELETING LINES 15-13. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
145	Chair Strobeck	<b>MOTION: MOVED HB 2082-A, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.</b>
147	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION PASSES 7-2-0</b>  <b>REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK</b>  <b>REPRESENTATIVES VOTING NAY: WELSH, WITT</b>  <b>CHAIR STROBECK WILL CARRY THE BILL.</b>
159	Chair Strobeck	Closed work session on HB 2082-A. Opened public hearing on SB 548-A.

**PUBLIC HEARING ñ SB 548-A**

170	Lizbeth Martin-Mahar	Reviewed SB 548-A revenue impact statement ( <b>EXHIBIT 8</b> ). Allows a partial property tax exemption for real property, owned or leased by a municipality or port, which is used to
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clean or decontaminate agricultural commodity cargo. Measure affects a grain cleaning facility on Port of Portland property.

- 208 Bert Farrish Spoke in support of the measure. Columbia Grain Company has found it necessary to amend the tax code. Columbia Grain is a tenant of the Port of Portland property. They constructed a grain cleaning facility because overseas customers demand clean grain. Half of the company's business is affected by this. In 1998 this facility was disqualified from the in lieu tax, saying it was not necessary for loading grain. The facility is absolutely necessary. It is not a processing operation, it cleans the grain. County has disputed this position.
- 287 Roger Martin Spoke in support of the measure. This bill is about a narrow definition of a cleaning mechanism that is built into the facility. Port of Portland supports this measure. In order for Oregon markets to be competitive, they have to fulfill requirements of overseas clients. In the process of moving wheat from farm to shipping facility, wheat picks up dirt. Total property tax cost per year is \$50,000.

- 330 Chair Strobeck Closed public hearing on SB 548-A. Opened work session on SB 548-A.

**WORK SESSION n SB 548-A**

- 333 Rep. Williams **MOTION: MOVED SB 548-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 365 Rep. Williams Will support bill.
- 371 Vice Chair Rasmussen Will support bill.
- 383 Chair Strobeck **ASKED FOR ANY OBJECTIONS TO MOVING SB 548-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. WILLIAMS WILL CARRY THE BILL.**  
**REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WITT, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK.**
- 388 Chair Strobeck Closed work session on SB 548-A. Opened work session on HB 2248-A.

## **WORK SESSION ñ HB 2248-A**

400 Lizbeth Martin-Mahar Reviewed HB 2248-A9 amendments (**EXHIBIT 11**).  
  
Reviewed Revenue Impact of Proposed Legislation (**EXHIBIT 12**). Provides three to five year property tax exemptions on enterprise zones. Eliminates gross receipts test for qualifying, which allow call centers.  
  
Directed membersí attention to HB 2248-A Scenario ñ Retail/Financial Call Centers (**EXHIBIT 13**).

## **TAPE 191, SIDE B**

058 Martin-Mahar Directed membersí attention to Long-Term, Rural Enterprise Zone Tax Incentives and HB 2248-A (**EXHIBIT 14**), provided by Economic Development Department. Encouraged members to review it.

068 Rep. Witt Is it true that this bill does not require dollars to go back to local taxing districts to make up the loss?

072 Martin-Mahar Correct. It goes to rural enterprise sponsors.

077 Rep. Witt Asked for conceptual amendment to prorate 30% to all governments that must forego property taxes.

093 Martin-Mahar Suggested adding conceptual amendment language to page 10.

103 Bill Scott Issue would not affect just the bill, but current law.

124 Art Fish Concurred with Scottís testimony.

143 Jim Manary Easiest way to return money to all special districts is to put money in the tax account to be distributed automatically.

149 Chair Strobeck Asked sense of committee on the conceptual amendment.

152 Vice Chair Rasmussen Would prefer legislative counsel to do the amendment.

158	Chair Strobeck	Will have legislative counsel draft appropriate language toward goal of having partial payments distributed to all local taxing districts.
164	Chair Strobeck	<b>MOTION TO SUSPENDED RULES TO MOVE A CONCEPTUAL AMENDMENT TO HB 2248-A. ASKED FOR ANY OBJECTIONS. HEARING NONE, CHAIR SO ORDERED.</b>
168	Rep. Witt	<b>MOTION TO INSERT LANGUAGE TO SECTION 14 OF HB 2248-A TO HAVE PARTIAL PAYMENTS DISTRIBUTED TO ALL LOCAL TAXING DISTRICTS.</b>
168	Chair Strobeck	<b>ASKED FOR ANY OBJECTIONS TO CONCEPTUAL AMENDMENT. HEARING NONE, CHAIR SO ORDERED.</b>
177	Rep. Welsh	<b>MOVED A9 AMENDMENTS TO HB 2248-A BE ADOPTED.</b>
178	Chair Strobeck	<b>ASKED FOR ANY OBJECTIONS TO MOVING A9 AMENDMENTS TO THE FLOOR. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
180	Rep. Welsh	<b>MOTION: MOVED HB 2248-A, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.</b>  <b>HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. WELSH WILL CARRY THE BILL.</b>  <b>REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WITT, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK.</b>
186	Chair Strobeck	Closed work session on HB 2248-A. Opened public hearing on HB 2181-A.

**PUBLIC HEARING  HB 2181-A**

195	Joe Hobson	<p>Spoke in support of the measure. See written testimony (<b>EXHIBIT 15</b>) verbatim. Invented farm equipment that places straw in the crop furrows mechanically in order to reduce soil erosion and fertilizer losses.</p> <p>Directed membersí attention to photos in <b>EXHIBIT 16</b>, as mentioned in written testimony.</p>
250	Hobson	Page 2 of testimony: Agricultural practice has been slow to catch on. Farmers are going through rough times. Bill would give farmers a tax credit to encourage farmers to use this method.



310	Hobson	Directed members' attention to statement of support from Dept. of Environmental Quality <b>(EXHIBIT 17)</b> .
330	Rep. Devlin	Spoke in support of the measure. HB 2181-A would expand pollution control facility tax credit program to include credits for non-point source pollution control. Gave brief history of pollution control program since 1967. Extends tax credits to farmers and ranchers who purchase equipment that helps reduce or eliminate non-point source pollution. Bill has support of Dept. of Environmental Quality and of governor's office. Program sunsets in 2001. Bill has no opposition so far.
402	Rep. Williams	Thanked Mr. Hobson for his efforts.
408	Chair Strobeck	Closed public hearing on HB 2181-A. Opened work session, HB 2181-A.

**WORK SESSION ñ HB 2181-A**

410	Rep. Welsh	<p><b>MOTION: MOVED HB 2181-A, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. WELSH WILL CARRY THE BILL.</b></p> <p><b>REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WITT, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK.</b></p>
421	Chair Strobeck	Closed work session on HB 2181-A. Opened Work session on SB 248-A.

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**TAPE 192, SIDE B**

**WORK SESSION ñ HB 248-A**

011	Don Schellenberg	Oregon Farm Bureau supports all SB 248-A amendments.
017	Lizbeth Martin-Mahar	SB 248-A4 replaces ñA2 and ñA3 amendments.
019	Chair Strobeck	<b>MOVED ñA4 AMENDMENTS TO SB 248-A BE ADOPTED. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
022	Vice Chair Rasmussen	<p><b>MOTION: MOVED SB 248-A AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.</b></p> <p><b>HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. SHETTERLY WILL CARRY THE BILL.</b></p>

**REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM,  
SHETTERLY, WELSH, WITT, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR  
STROBECK.**

034 Chair Strobeck

Closed work session on SB 248-A. Adjourned meeting at 9:50 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3344, Yates, Proposed Amendments to A-Engrossed House Bill 3344, 3 pp.
2. HB 3344, Yates, HB 3344 Revenue Impact Model: Registration Fees, 1 p.
3. HB 3344, Yates, HB 3344 Revenue Impact Model: Reduced Registration Fees Proposed by OTA, 1 p.
4. HB 3344, Yates, Fiscal Analysis of Proposed Legislation, 2 pp.
5. HB 2082, Yates, Fiscal Analysis of Proposed Legislation, 2 pp.
6. HB 2082, Yates, Proposed Amendments to A-Engrossed House Bill 2082 (HB 2082-A23), 11 pp.
7. HB 2082, Yates, Staff Measure Summary, 1 p.
8. SB 548, Martin-Mahar, Revenue Impact of Proposed Legislation for SB 548-A, 1 p.
9. SB 548, Martin-Mahar, Staff Measure Summary, 1 p.
10. SB 548, Martin-Mahar, Fiscal No Expenditure Impact, 1 p.
11. HB 2248, Martin-Mahar, Proposed Amendments to A-Engrossed House Bill 2248 (HB 2248-A9), 1 p.
12. HB 2248, Martin-Mahar, Revenue Impact of Proposed Legislation for HB 2248-A9, 2 pp.
13. HB 2248, Martin-Mahar, HB 2248-A Scenario ñ Retail/Financial Call Centers, 2 pp.
14. HB 2248, Martin-Mahar, Long-Term, Rural Enterprise Zone Tax Incentives and HB 2248-A, 7 pp.
15. HB 2181, Hobson, written testimony of Joe Hobson Sr., 2 pp.
16. HB 2181, Hobson, photo exhibits from Joe Hobson Sr., 8 pp.
17. HB 2181, Hobson, letter of support from Dept. of Environmental Quality, 1 p.
18. HB 2181, Waters, Revenue Impact of Proposed Legislation for HB 2181-A, 1 p.
19. HB 2181, Waters, Fiscal Analysis of Proposed Legislation, 1 p.
20. HB 2181, Waters, Staff Measure Summary, 1 p.