

HOUSE COMMITTEE ON TRANSPORTATION

April 21, 1999 Hearing Room D

8:00 a.m. Tapes 78 - 79

MEMBERS PRESENT: Rep. Bob Montgomery, Chair

Rep. Mike Lehman, Vice-Chair

Rep. Richard Devlin

Rep. Jim Hill

Rep. Jeff Kropf

Rep. Jerry Krummel

Rep. Jane Lokan

Rep. Jackie Taylor

Rep. Vicki Walker

Rep. Larry Wells

STAFF PRESENT: Janet Adkins, Administrator

Brad Daniels, Administrative Support

MEASURE/ISSUES HEARD: HB 3555 Public Hearing and Work Session

HB 2335 Work Session

HB 2522 Work Session

HB 3597 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.

TAPE/#	Speaker	Comments
TAPE 78, A		

004	Chair Montgomery	Opens the meeting at 8:05 a.m. Opens the public hearing on HB 3555.
<u>HB 3555 PUBLIC HEARING</u>		
010	Adkins	Explains HB 3555, which would authorize the issuance of bonds for the highway modernization program.
015	Rep. Randall Edwards	District 15. Describes HB 3555 and the practice and strategy of bonding in general. Indicates that modernization needs, which total over \$1 billion, are a good candidate for bonds. Explains his personal experience with the bonding issue as a member of the state Debt Policy Advisory Commission (DPAC). Notes that, in the past, ODOT has not been interested in using debt as a tool (EXHIBIT A)
065	Rep. Edwards	Introduces a memo from Salomon/Smith Barney concerning bond proceeds that would be generated from a one cent increase in the gas tax, which would be \$200 million. Introduces the ñ2 amendments, which put this amount into the bill (EXHIBITS B & C).
079	Rolli Wisbrock	Chief of Staff, Oregon State Treasury. Describes the DPAC and their function: to determine the capacity and propriety of debt issuance.
109	Chuck Smith	Director of Debt Management Division, Oregon State Treasury. Discusses HB 3555 and the authorization of highway bonds. Notes that the one cent earmarking will generate about \$204 million. Explains the mechanics of bonding and bond payments. Describes the DPAC and how it divides bonds in two categories: net tax supported debt and non-net tax supported debt. Notes that highway user bonds are in the first category. Recommends that the bonds are sold as standard highway user tax bonds (EXHIBIT D).
163	Rep. Hill	Asks if bonding and debt represent a good long-term fiscal strategy.
174	Wisbrock	Notes that there has been a major decline in the state's debt. States that the rule of thumb is to incur debt for worthwhile projects with long-term value.
192	Rep. Hill	Asks about the length of the bonds.
194	Smith	Replies that highway bonds have a 5-30 year range depending on a number of factors.
205	Rep. Hill	Asks about the reason for the \$200 million figure in the ñ2 amendments.
208	Smith	Replies that \$200 million is what a one cent gas tax increase would support on a 20-year bond at today's interest rates.

210	Rep. Lokan	Asks if one cent of proposed gas tax increase should be dedicated to paying the bonds.
219	Rep. Edwards	Replies that dedicating the funds would be a policy decision. Comments that the bill was written with flexibility.
235	Wisbrock	Acknowledges the semantic difference between "dedicate" and "earmark."
245	Rep. Lehman	Asks if the \$200 million would be raised by only the gas tax or both the gas and weight-mile tax.
252	Smith	Replies that they have only allowed for past numbers based on traditional receipts.
261	Mike Marsh	Executive Director, ODOT. Cites ODOT's current bonding capacity. Cites Section 2 (4), noting that the language is permissive, but not mandatory. Suggests that the basis should be an annual debt service amount rather than cents of gas tax. Acknowledges some specific concerns about technicalities in the bill. Emphasizes that maintenance is the first priority in the consideration of additional revenue (EXHIBIT E).
307	Rep. Edwards	Cites Section 2 (1), emphasizing the intent of the bill is to permit, not direct, the bonding power.
319	Rep. Hill	Asks if one cent of additional gas tax could support up to \$200 million in bonding.
321	Smith	Answers yes.
325	Rep. Hill	Asks about the language of the bill and pledging funds.
336	Rep. Edwards	Responds that the bill is silent about other provisions in law affecting what is pledged.
343	Rep. Hill	Asks Marsh if ODOT has the ability to perform modernization projects.
350	Marsh	Replies that if the bill required modernization projects to be built, then, without additional revenue, this mandate would require a funding shift from maintenance to modernization.
365	Rep. Hill	Asks if ODOT would support a bill that allowed additional debt service to be used for both maintenance and modernization.
379	Marsh	Answers that, with additional revenue, modernization can occur as long as the

		first \$25-30 million of maintenance can be fulfilled.
390	Chair Montgomery	Closes the public hearing on HB 3555. Opens the work session on HB 3555.
<u>HB 3555 WORK SESSION</u>		
403	Rep. Lehman	MOTION: Moves to ADOPT HB 3555-2 amendments dated 04/21/99.
405	Rep. Hill	Asks if the \$200 million figure should be discussed.
408	Rep. Lehman	Replies that the goal is to allow the bill to go to Revenue for discussion.
418	Rep. Hill	Asks if any discussion occurred concerning the distribution of dollars to city and counties.
426	Chair Montgomery	States that he does not want the gas tax bill to change.
432	Rep. Lehman	Replies that the numbers are solely for ODOT, and distribution to cities and counties is a different issue.
TAPE 79, A		
008	Rep. Taylor	Questions whether future proceeds from gas taxes should be dedicated without knowledge of future needs. Indicates that she would like bonding to be avoided unless it is necessary.
027		VOTE: 10-0
	Chair Montgomery	Hearing no objection, declares the motion CARRIED.
030	Rep. Lehman	MOTION: Moves HB 3555 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Revenue by prior reference.
031		VOTE: 10-0

	Chair Montgomery	Hearing no objection, declares the motion CARRIED .
033	Chair Montgomery	Closes the work session on HB 3555. Opens the work session on HB 2335.
<u>HB 2335 WORK SESSION</u>		
036	Adkins	Explains HB 2335 and the ñ6 amendments, which define school zones, define "when children are present" and create certain provisions concerning school zones on highways with a speed limit over 45 miles-per-hour (EXHIBIT F).
081	Rep. Hill	Questions the appropriateness of the time-of-day requirement. Asks about the relationship between the flashing lights, the signs and the definition of when children are present.
091	Adkins	Replies that the definition would apply in most areas, but the definition would not be in effect on a highway with a speed limit of over 45 miles-per-hour. Notes that the presence of children would not have an effect on these highways.
102	Rep. Hill	Cites Section 5. Asks about the definition of when children are present in the excepted areas.
115	Adkins	Refers to Section 4 (2) which removes the definition as a consideration.
123	Rep. Devlin	Summarizes the exception for a 45 mile-per-hour highway, citing a hypothetical situation.
131	Adkins	Agrees with Rep. Devlin.
136	Rep. Lehman	Refers to changes made during last session. States that the law should be left alone in the interest of safety.
155	Rep. Lokan	Agrees with Rep. Lehman that the signage requires too much analysis.
161	Rep. Taylor	Opposes the bill.
167	Rep. Hill	States that the re-definition of when children are present in the ñ6 amendments is the better option.
177	Rep. Hill	MOTION: Moves to ADOPT HB 2335-6 amendments dated 03/11/99.

179	Rep. Devlin	Suggests the removal of the Rep. Beyer portion of the ñ6 amendments.
185	Chair Montgomery	Replies that he does not want the committee to tinker with the bill anymore.
193	Rep. Krummel	Supports the ñ6 amendments and the bill. States that the general rule should be to force people to slow down in school zones.
205	Rep. Walker	Agrees with Rep. Hill that a re-definition of the phrase is important. Concedes that the proposed signage is troublesome. Supports the bill and the amendments.
218	Rep. Devlin	Opposes the bill because, though it clarifies when children are present, it muddies the definition in certain circumstances.
228	Chair Montgomery	Supports the bill.
235		VOTE: 4-6 AYE: 4 - Hill, Krummel, Walker, Montgomery NAY: 6 - Devlin, Kropf, Lehman, Lokan, Taylor, Wells
	Chair Montgomery	The motion FAILS.
265	Rep. Lehman	MOTION: Moves HB 2335 to the floor with a DO PASS recommendation.
		VOTE: 1-9 AYE: 1 - Montgomery NAY: 9 - Devlin, Hill, Kropf, Krummel, Lehman, Lokan, Taylor, Walker, Wells
	Chair Montgomery	The motion FAILS.
276	Chair Montgomery	Closes the work session on HB 2335. Opens the work session on HB 2522.

HB 2522 WORK SESSION

280	Adkins	Explains HB 2522, which would authorize a bicyclist to pass a vehicle on the right. Introduces the ñ2 amendments (EXHIBIT G).
306	Rep. Hill	MOTION: Moves to ADOPT HB 2522-2 amendments dated 03/08/99.
310	Rep. Hill	Supports the ñ2 amendments.
320		VOTE: 10-0
	Chair Montgomery	Hearing no objection, declares the motion CARRIED.
322	Rep. Hill	MOTION: Moves HB 2522 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 10-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Montgomery	The motion CARRIES. DEVLIN will lead discussion on the floor.
350	Chair Montgomery	Closes the work session on HB 2522. Opens the public hearing on HB 3597.

HB 3597 PUBLIC HEARING

352	Adkins	Explains HB 3597, which creates a Kids First registration plate. Reviews the other plates in the state. Introduces a letter from Albert Rouse in opposition to the bill (EXHIBIT H).
400	Rep. Walker	District 41. Testifies in support of HB 3597. Stresses that 78 members signed on to the bill. Relates the history of the bill and the goal of raising more money for children's mental health.

TAPE 78, B

020	Janet Arenz	Executive Director, Oregon Alliance of Children's Programs (OACP). Supports HB 3597. Reviews the different programs that OACP administers. Notes that the agencies are non-profit services that often deal with children's mental health.
050	Rep. Lehman	Asks if OACP is a fiscal body that can receive money
053	Arenz	Answers that the OACP is a registered corporation with an IRS classification as a charitable organization.
055	Rep. Lehman	Asks how the funds would be distributed.
058	Arenz	Replies that they have not made that determination yet.
062	Rep. Lehman	Asks if the OACP currently receives and distributes funding.
064	Arenz	Replies that the license plate program would be a first in this area.
065	Rep. Lokan	Notes that the sample plate is easy to read. Asks if the final plate will be as easy to read.
073	Kelly Taylor	Division of Driver and Motor Vehicle Services, ODOT. Replies that they have not established a final plate design. Notes that the point of license plates is to identify vehicles. Reports the expected fiscal impact of the bill, DMV's preference to reduce the number of specialty plates, and that the sales of specialty plates have not been very encouraging, perhaps because the specialty plates are relatively expensive in comparison to registration fees. Expresses uncertainty about the revenue impact of the bill.
138	Rep. Krummel	Asks if past laws have been written similarly concerning the use of general fund money.
142	Taylor	Replies that, since the plates are making money for something other than the highway fund, general fund money must be used.
155	Rep. Krummel	Asks if the individual groups have fronted the money for the plates.
161	Taylor	Describes the past procedure for new groups and the fact that, as an entirely new program, HB 3597 would not be under an obligation to provide money up front.
167	Rep. Krummel	Asks how many plates would have to be sold in the next two years to repay

		the general fund.
173	Taylor	Replies that a dollar amount has not been set for the plate, noting that it takes 6-8 months to get a plate started.
191	Rep. Hill	Asks about the relationship between plate design and the numbers stamped on it.
193	Taylor	Replies that it provides a way of keeping track of the system.
199	Rep. Hill	Asks if the fiscal would be reduced if a special configuration was not established.
204	Taylor	Replies that it would be approximately the same.
211	Rep. Hill	Asks if the same configuration can be used to reduce administrative costs. Questions why separate accounting reprogramming would be necessary.
228	Taylor	Replies that treating these plates like those of other specialty groups would reduce the fiscal dramatically.
242	Rep. Hill	Asks if the specific plate could be authorized and reduce the fiscal impact.
249	Taylor	Replies yes.
253	Rep. Hill	Asks if the existing law could be amended to allow the Kids First plate and reduce the fiscal impact.
255	Taylor	Replies yes.
260	Rep. Kropf	Asks if the other specialty plates were as expensive to produce.
266	Taylor	Replies that the initial plates were less expensive because programming was less expensive.
280	Rep. Kropf	Asks if only 1000 Vietnam veterans plates have been sold after a cost of \$150,000.
285	Taylor	Replies that \$150,000 set up the entire group plate program.
290	Rep. Kropf	Asks if the Kids First plate will cost \$209,000.

293	Taylor	Replies that it is a unique plate.
294	Rep. Kropf	Asks if the renewal fee will be comparable to vanity plates.
300	Taylor	Notes that the bill has a blank in it for the charge for the plate.
314	Rep. Lokan	Asks how soon the OACP will start receiving money.
320	Taylor	Replies that the general fund would need to get paid off first and then the OACP would get the money.
335	Rep. Taylor	States that marketing is the necessary component.
344	Rep. Walker	Agrees with Rep. Taylor, noting that the OACP has over two hundred programs to act as sources of advertising.
373	Rep. Lehman	Supports moving the bill to Ways and Means. Notes that the bill presents a fiscal, and not a policy, issue.
390	Rep. Devlin	Supports the bill, but advises Rep. Walker to explore the options put forth by Rep. Hill.
402	Rep. Wells	Notes that focusing only on dollars is not the function of the committee. Expresses concern that the plate does not represent something distinctive about Oregon.
422	Chair Montgomery	Closes the public hearing on HB 3597. Opens the work session on HB 3597
<u>HB 3597 WORK SESSION</u>		
435	Rep. Montgomery	MOTION: Moves HB 3597 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Ways and Means.
		VOTE: 9-1 AYE: 9 - Devlin, Hill, Kropf, Krummel, Lehman, Lokan, Taylor, Walker, Montgomery NAY: 1 - Wells
Chair Montgomery		The motion CARRIES.

450	Chair Montgomery	Adjourns the meeting at 9:30 a.m.

Submitted By, Reviewed By,

Brad Daniels, Janet Adkins,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñHB 3555, project list, Rep. Randall Edwards, 13 pp.

B ñHB 3555, -2 amendments, staff, 1 p.

C ñHB 3555, letter, Tim Rattigan, 1 p.

D ñHB 3555, written testimony, Chuck Smith, 2 pp.

E ñHB 3555, written testimony, Mike Marsh, 2 pp.

F ñHB 2335, -6 amendments, staff, 5 pp.

G ñHB 2522, -2 amendments, staff, 1 p.

H ñHB 3597, letter, Albert Rouse, 2 pp.