

HOUSE COMMITTEE ON WATER AND ENVIRONMENT

July 08, 1999 Hearing Room B

8:30 am Tapes 225 - 226

MEMBERS PRESENT: Rep. Jim Welsh, Chair

Rep. Jackie Taylor, Vice-Chair

Rep. Jason Atkinson

Rep. Deborah Kafoury

Rep. Jeff Kruse

Rep. Jeff Merkley

Rep. Susan Morgan

STAFF PRESENT: Cara Filsinger, Administrator

Diane M. Lewis, Administrative Support

MEASURE/ISSUES HEARD: HB 3202 Work Session

SB 1040 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 225, A		
005	Chair Welsh	Calls the meeting to order at 8:50 AM and opens a work session on HB 3202.
<u>HB 3202 WORK SESSION</u>		
012	John Ledger	Associated Oregon Industries, testifies in support of HB 3202 and submits written information regarding components of the "pollution control tax credit" as

		proposed by HB 3202 (EXHIBIT A). Explains that the Department of Environmental Quality (DEQ) determines tax credits to be fifty percent of eligible costs of a facility's project. States that credits range from a few hundred dollars to millions of dollars. Reports that all companies eligible for tax credits manufacture products. Explains that approximately ninety percent of tax credits go to companies outside the City of Portland.
035	Ledger	Explains that HB 3202 is important for keeping facilities in Oregon as well as attracting new manufacturers into the state. States that HB 3202 is important for pollution control. States that HB 3202 supports the use of enhanced technology. Indicates that companies reduce pollution when it is cheaper to do so. Reminds the committee that DEQ is supported by fees paid by corporations and HB 3202 off-sets this situation. Contests the stipulation that pollution control tax credits are "welfare for large corporations." Refers to DEQ Tax Credit Programs Report, July 1, 1995 to June 30, 1998, and lists a few of the smaller companies who have benefited from tax credits.
085	Paul Cosgrove	American Forest and Paper Association, testifies in support of HB 3202. Addresses the issue that HB 3202 rewards companies for complying with state and federal laws. Explains that more than 35 % of projects receiving tax credits go beyond pollution control requirements. Discusses the air and water improvement projects conducted by paper industry plants. States that these projects have allowed the paper industry to make use of recycled fibers. Refers to HB 3202, section 2, and maintains that the bill encourages industries to recycle used materials.
113	Rep. Taylor	Asks if the credit will only be provided to new facilities in Oregon.
117	Cosgrove	Responds that many credits are given to existing plants for new projects. Explains that credits are awarded to companies upon completion of new projects.
125	Rep. Taylor	Asks for confirmation that the sunset extension occurs in six year blocks.
128	Ledger	Replies that the last sunset was a six year extension. States that it has occurred in different increments.
139	Hilary Abraham	Oregon Environmental Council, submits and presents written testimony in opposition to HB 3202 (EXHIBIT B).
154	Rep. Merkley	Asks for the cost of the tax credit.
157	Abraham	Responds that she does not have those figures with her. Refers to Director Langdon Marsh's past testimony from April 14, 1999, (EXHIBIT C) and reads page 2, paragraph 2; "In calendar year 1998, the Environmental Quality Commission certified pollution control tax credits worth over \$67 million in tax expenditure liability for the State of Oregon." States that she is not sure how the \$67 million is broken up or what it represents.
167	Rep. Merkley	Asks for confirmation that under the current structure there is no cap on tax

		credit amounts and determinations are made based on how many applications are received.
170	Abraham	Responds affirmatively.
172	Chair Welsh	Comments that businesses must make improvements if they want to stay competitive. Refers to EXHIBIT B, paragraph 3, and challenges the statement that tax credits no longer make sense.
191	Abraham	Responds that environmental issues are becoming much more complex. States that more is known about the links and effects that people and industry have on the environment. Stresses that environmental regulations and requirements should be a part of a corporation's budget. States that tax payers should not be carrying the burden.
215	Rep. Kruse	Disagrees with testimony that taxpayers have the tax burden. Comments that HB 3202 allows industries to keep some their own money for maintaining practices that benefit society.
229	Chair Welsh	Concurs. Comments that dollars spent by industries, to comply with federal mandates, are investments.
238	Rep. Kruse	MOTION: Moves HB 3202 to the floor with a DO PASS recommendation.
243	Rep. Merkley	States his concern that the last minute work session of HB 3202 eliminates serious discussion regarding extended sunsets for this tax credit program. Comments that he will oppose the bill.
256	Rep. Atkinson	Comments that the bill should have been moved sooner so more debate could have taken place. States that he is in full support of the bill.
		VOTE: 6-1 AYE: 6 - Atkinson, Kafoury, Kruse, Morgan, Taylor, Welsh NAY: 1 - Merkley
279	Chair Welsh	The motion CARRIES. REP. KRUSE will lead discussion on the floor.
285	Chair Welsh	Closes the work session on HB 3202 and opens a work session on SB 1040.

SB 1040 WORK SESSION

295	Pam Curtis	Policy Analyst, Governor's Office, submits and presents summary of conceptual amendments to SB 1040 (EXHIBIT D). Thanks the workgroup participants who worked collaboratively to draft the conceptual amendments. States that the workgroup included a broad-based representation of stakeholders. Believes that this issue is too complicated to be fully addressed in the short time left in session. Explains that the conceptual amendments were written as if they were "their own bill."
315	Curtis	Refers to EXHIBIT D, page 1, and states that section 1 describes legislative findings. Explains that section 2 defines "facility."
325	Curtis	Refers to EXHIBIT D, page 1, and summarizes section 3.
362	Curtis	Refers to EXHIBIT D, page 2, and summarizes section 4.
375	Curtis	Refers to EXHIBIT D, page 2, and summarizes section 5 by discussing the proposed 1999-2001 interim implementation workgroup. Reports that the implementation workgroup should also include "consumers and employees of facilities." Explains that she unintentionally left this provision out of the conceptual amendment and states that it must be included in section 5.
395	Curtis	Refers to EXHIBIT C, page 4, and summarizes section 6.
402	Rep. Kruse	Comments that section 2 makes him think of individuals who go to drug and alcohol treatment in lieu of adjudication. Asks for confirmation that section 2 is referring to individuals "released" to a facility and not "assigned" to a facility.
425	Curtis	Responds that the workgroup discussed this issue. Discusses two points of consideration: <ul style="list-style-type: none">• Measure 11 and mandatory sentencing laws in Oregon means fewer people are being diverted out of the criminal justice system.• Some treatment clients are protected by disability laws.
TAPE 226, A		
008	Rep. Kruse	Comments that one impact of mandatory sentencing laws is District Attorneys doing the work of judges. States that this situation will end up diverting offenders to treatment facilities in lieu of adjudication.
017	Curtis	Maintains that this is a very complex issue and will need further discussion during the upcoming interim.
028	Tom Holt	Oak Hills Home Owners Association, testifies in support of the ñA10 amendments dated 7/2/99 (EXHIBIT E). Discusses functions of the home

		<p>owners association:</p> <ul style="list-style-type: none"> • Enforcement of architectural covenants and conditions. • Maintenance of park and recreation facilities. <p>Explains that there have been problems with group-home and facility operators looking for loopholes in community association covenants. States that Legislative Counsel raised a concern regarding the inclusion of the chronically mentally ill. Agrees to delete line 5 from the ñA10 amendments. Discusses the situation of a group-home operator, who violated the home owners association covenants during a re-model, and involved the Department of Justice. Explains that the Department of Justice broadly interpreted the covenantís definition of "dwelling." States that there was no effort made to comply with the community associationís covenants.</p>
075	Rep. Taylor	Comments that the conceptual amendments, summarized by Ms. Curtis, mandate that each community have a formal process in place where citizens can raise concerns. Asks if the provisions in the conceptual amendments adequately address Holtís concerns.
086	Holt	Responds that the Oak Hill Homeowner Association has a multi-layered process for citizenís to raise concerns and grievances. States that agencies have more resources than community associations and are able to "knock down" key elements of community association covenants.
102	Taylor	Asks for examples of covenants that have been violated.
104	Holt	Explains that a group home, purchased on behalf of the state, was converting the garage into a dwelling space. States that this was a plain violation of the community associationís covenant. Explains that the group home made no effort to apply for approvals which would have stopped the violations from occurring. States that the group home ignored stop work orders.
129	Rep. Merkley	Asks if it is conceivable that covenants can restrict residences to three bedrooms.
131	Holt	Responds that he does not know of such covenants. Discusses "reasonable person standards" that a covenant might maintain.
145	Rep. Merkley	Asks for clarification of covenants that address how many people may live in a house.
148	Holt	Responds that there is a "general reasonable standard" in community association law. Explains that this is not an issue Oak Hills has encountered in 35 years.
163	Phillip Fell	League of Oregon Cities (LOC), testifies that LOC participated in the workgroup that drafted the proposed amendments and states that they make the bill better than the original version. Explains that LOC still has concerns and would like to participate in further discussions during the interim.

168	Chair Welsh	Asks if Fell is aware of requirements that Oregon cities comply with the Oxford House Residential Facilities development and placement program which is federally funded. Explains that there are six facilities going up in Eugene.
171	Fell	Responds negatively.
179	Rep. Taylor	Asks if the Oxford House program is for juvenile offenders.
180	Chair Welsh	Responds negatively. States that it is a federally funded, community-based alcohol and drug residential treatment program.
186	Rep. Taylor	Asks if SB 1040 will apply to the Oxford House program.
187	Chair Welsh	Responds affirmatively. Explains that cities have opportunities to approve or deny facility siting. Explains that Eugene denied the siting of the Oxford House residential facility and the federal project disregarded the city's denial.
240	Chair Welsh	Comments that further discussions must take place with the bill's sponsor. Explains that he will hear SB 1040 on Friday, July 9, 1999 at 8:30 AM.
248	Rep. Merkley	Requests that the bill's sponsor make the list of eighty-eight community organizations that support SB 1040 available to the committee.
257	Chair Welsh	Closes the work session on SB 1040 and adjourns the committee at 9:35 am.

Submitted By, Reviewed By,

Diane M. Lewis Cara Filsinger,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 3202, written testimony in support, John Ledger, 2 pp.

B ñ HB 3202, written testimony in opposition, Hilary Abraham, 1 p.

C ñ HB 3202, written testimony of Lang Marsh, staff, 4 pp.

D ñ HB 1040 conceptual amendments, Pam Curtis, 4 pp.

E ñ SB 1040-A10 amendments dated 7/2/99, Tom Holt, 1 p.