SENATE COMMITTEE ON GENERAL GOVERNMENT

March 2, 1999 Hearing Room C

3:00 p.m. Tapes 31 - 32

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Cliff Trow, Vice-Chair

Sen. John Lim

Sen. Marylin Shannon

Sen. Frank Shields

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Introduction of Committee Measures

SB 200 Work Session

HB 2336 Public Hearing and Work Session

HB 2279 Public Hearing and Work Session

SB 522 Public Hearing

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 31,	Α		
003	Chair Duncan	Calls the meeting to order at 3:05 p.m. Opens a work session for the purpose of introducing committee bills.	
INTRODUCTION OF COMMITTEE MEASURES			
006	Sen. Trow	MOTION: Moves LC's: 3927, 3928, 3998, 4003 BE INTRODUCED as committee bills.	
012		VOTE: 3-0-2	

		EXCUSED: 2 - Sen. Shannon, Sen. Shields
	Chair Duncan	Hearing no objection, declares the motion CARRIED.
		LC 3927 becomes SB 1023. LC 3928 becomes SB 1024. LC 3998 becomes SB 1025. LC 4003 becomes SB 1026.
019	Chair Duncan	Closes the work session and opens a work session on SB 200.
<u>SB 200 W</u>	ORK SESSION	<u>.</u>
023	Marjorie Taylor	Committee Administrator. Gives a brief description of SB 200 and the ñ1 and ñ2 amendments proposed by the Office of the Treasury.
033	Rollie Wisbrock	Chief of Staff, Oregon State Treasury. Testifies in support of SB 200 (EXHIBIT A). Describes the placement of the liens for lottery bonds. Says that proceeds from the lottery go the Economic Development Fund after all other allocations have been made. Describes the funds that have liens on the lottery fund. States that, in the future, all lottery bonds will have parity. Says that there is the potential for bills to inadvertently place liens on the lottery fund. Says that SB 200 is designed to protect the lottery fund from inadvertent liens.
086	Chair Duncan	Asks if initiatives passed by the people of Oregon would be subject to the stipulations Mr. Wisbrock describes.
092	Wisbrock	Replies that any legislative action would be subject to controls. Says that he is unsure about initiatives.
095	Cynthia Byrnes	Representative, Office of the Attorney General. States that constitutional initiatives would override the stipulations of SB 200. States that a statutory initiative would conflict. Says that a lien that overrides such controls has the potential for causing problems with outstanding bonds.
104	Wisbrock	States that there is nothing that can

		be done statutorily that would prevent constitutional initiatives from affecting bond liens.
107	Chair Duncan	Replies that a vote of the people would be necessary.
111	Wisbrock	Says that the initiative process is a "two-edged sword" in that it gives the people access to the political process but is difficult to control. Says that there are more instances where amendments are necessary to prevent improper liens. Says that SB 200 is necessary for preventing such occurrences in the future.
120	Chair Duncan	Says that the bond rating could suffer as a result of unwanted liens.
122	Wisbrock	Concurs and says that is the reason why the amendments are before the committee.
130	Byrnes	Says that SB 200 makes a uniform set of statutes regarding how lottery bonds can be authorized. States that there were three parallel lottery bonds issued during the 1997 Session, one of which was modified to become the uniform procedure. Says that the amendments conform the definitions of the other two parallel bonds from the 1997 Session to the uniform procedure.
153	Chair Duncan	Asks if the amendments are bringing in new statutes to the bill.
155	Byrnes	Replies that they are modifying existing statutes.
162	Sen. Shannon	Asks if the reference to "regional light rail extension construction" in the bill refers to all West-Side light rail.
166	Wisbrock	Replies that it was passed in 1993 and was the first use of lottery bonds. Says that other lottery bonds motivated the decision to sell all lottery bonds at parity.
177	Sen. Shannon	Asks if the infrastructure mentioned by Ms. Byrnes referred to roads.
180	Byrnes	Replies that they are related to economic development.

185	Sen. Trow	MOTION: Moves to ADOPT SB 200- 1 amendments (EXHIBIT B) dated 2/16/99.
190		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Duncan	The motion CARRIES.
200	Sen. Trow	Asks for a brief description of why the bill is necessary.
206	Wisbrock	Replies that SB 200 creates a conforming authority under which all future lottery bonds will fall. Says that it is necessary in order to protect the ability of the state to issue new lottery bonds and to protect the position of the old ones in the market.
215	Sen. Lim	Asks if the Treasury Department can simply issue a warning upon seeing legislation with the potential for having lottery bond impact or if the Treasury will actually have the power to stop legislation that might violate SB 200.
222	Wisbrock	Replies that the bill does not give the Treasury power to stop the legislature from passing legislation. Says that the bill would simply require conformity in the event that the legislature was to pass such legislation.
234	Sen. Lim	Says that the Treasurer would simply oversee the process.
237	Wisbrock	Replies that the bill does not grant the Treasurer new authority but rather removes an option for making a mistake.
241	Byrnes	States that there is a provision that would allow the Treasurer to prevent too much lottery bonding based on projections of lottery revenues. Says that the Treasurer would have the power to halt legislation which would cause undue financial stress on the state. Says that the bill allows the Treasurer to refuse issuance of

		bonds if there will not be enough money to cover them.
255	Chair Duncan	Says that light rail and the scholastic funds have first priority from lottery revenues. Says that there are several programs with parity, in that each of them would receive equal parts of the lottery revenue available. Says that, according to SB 200, the Treasurer could deny a new program being added to the parity pool in the event that there is not enough revenue to cover the existing bonds.
271	Wisbrock	Offers the Governorís lottery bill as an example.
275	Chair Duncan	Asks where a new project funded by lottery funds would end up if it were passed by ballot measure.
280	Byrnes	Replies that, if it is a constitutional issue, it would override the statutes that SB 200 would set in place. Says that the only way it could be otherwise is for the provision to be determined unconstitutional.
300	Sen. Lim	Says that there would be the potential for conflict between the Treasury and the legislature. Asks who would resolve disputes between legislators who wish to spend lottery dollars and the Treasury which may deem further bonding to be unwise.
309	Wisbrock	Says that the Treasurer does not make lottery projections. States that the covenants that guide the "4:1 ratio" are already in place. Says that the Treasurer would be compelled to tell the legislature that the spending is projected to outstrip the earnings. Says that only \$1 can be leveraged for every \$4 in revenues. Says that the Treasurer would be compelled to confront the legislature in the event that it overspends. Says that the Treasury cannot control the legislation per se, but rather it can tell the legislature not to spend more lottery bonds.
340	Chair Duncan	Says that the bonds would not be marketable in such a case.
344	Wisbrock	Says that there must not be a violation of the covenant or court cases will ensue.

363	Sen. Trow	States that it would be better for the Treasurer to make such facts known before the legislation is passed.
368	Wisbrock	Says that the State Debt Policy Commission (SDPC) makes reports to the legislature.
378	Sen. Trow	Asks if SB 200 is merely a "safety valve" in case there is no knowledge of potential lottery bond impact.
383	Sen. Shields	Asks if there is communication between the Treasury Department and the Legislative Fiscal Office (LFO). Says that, if there were conflicts, LFO would also likely see them and report them.
391	Wisbrock	Replies that LFO could do that. Says that the constitutional process allows monitoring of lottery bond ratios. Says that excess bonding is tracked carefully by the Treasury Department.
TAPE 3	2, A	
008		Sen. Asks for an explanation of the 4:1 Lim ratio mentioned by Mr. Wisbrock.
011	Wisbrock	Replies that the ratio refers to the amount of money that the lottery has to make in relation to the amount of outstanding bonds. States that the safe level was determined to be \$1 of bonding for each \$4 of revenues.
032	Sen. Lim	Asks what the current ratio is at.
034	Wisbrock	Replies that the ratio is currently at about 7:1 or 8:1. States that the ratio has never dipped near 4:1.
043	Sen. Trow	Asks why the two amendments to the bill were not combined.
045	Wisbrock	Replies that the separate amendments are due to the timing of reviews by various entities such as the Attorney General and outside bonding companies.
050	Sen. Trow	Asks for a description of the ñ2 amendments to SB 200.
	Byrnes	Replies that the ñ2 amendment

		(EXHIBIT C) provides companion language for pledging lottery revenues to the dedicated funds.
065	Sen. Trow	MOTION: Moves to ADOPT SB 200- 2 amendments dated 2/19/99.
070		VOTE: 5-0
	Chair Duncan	Hearing no objection, declares the motion CARRIED.
078	Sen. Trow	MOTION: Moves SB 200 to the floor with a DO PASS AS AMENDED recommendation.
086		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Duncan	The motion CARRIES.
		SEN. DUNCAN will lead discussion on the floor.
093	Chair Duncan	Closes the work session on SB 200 and opens a public hearing on HB 2336.
<u>SB 2336 I</u>	PUBLIC HEARING	
096	Rep. Barbara Ross	Representative, State District 35. Testifies in support of HB 2336 (EXHIBIT D). States that the bill allows counties to create county districts to provide maintenance to "pioneer cemeteries." Says that there is widespread support for the bill and no opposition. Says that there is a concern that many such cemeteries will fall into disrepair as those who currently care for them become unable to do so. States that the bill allows, but does not require, counties to create such districts.
115	Chair Duncan	States that there are many old

		cemeteries that have fallen into disrepair. Says that there is no one left to care for many such facilities.
123	Sen. Lim	Asks what criteria are used to determine what is and is not an historic cemetery.
128	Rep. Ross	Replies that designation of historical cemeteries is up to the counties. Says that most are small cemeteries of landmark character. States that Crystal Lake Cemetery was the one that triggered interest in the subject, since it has the funds to provide for upkeep but no determining body in charge of it.
133	Sen. Lim	Asks if the counties would be willing to take on the responsibility of caring for historical cemeteries.
137	Rep. Ross	Replies that the bill is merely enabling legislation for counties that wish to take over the cemetery upkeep.
140	Sen. Shields	Asks if a county becomes responsible for allocation of county funds in the event that available money becomes insufficient to pay for the upkeep of cemetery facilities.
152	Rep. Ross	Replies that counties could choose to hold public votes regarding small levies for cemetery upkeep as with other special districts.
160	Sen. Shields	Asks what would prevent counties from diverting money from maintenance funds for other purposes.
165	Rep. Ross	Replies that special districts have separate elected officials, which makes implementation difficult. Says that counties will find it easier to integrate the programs into their own. Says that counties will not be able to access cemetery funds for other purposes.
177	Sen. Shields	Asks if all such endowments are "secured in perpetuity."
179	Rep. Ross	Says that is the case.
182	Chair Duncan	Asks if statute currently requires a separate district.

185	Rep. Ross	Replies that it does.
202	Robert Tarrant	Representative, Crystal Lake Cemetery. Testifies in support of HB 2336 (EXHIBIT E). Says that the bill is supported by the Benton County Commission. Says that all of the historic cemeteries have value as reminders of the past and as memorials to the pioneers. Says that the cemetery system has been operated since the mid 1800s and has been tended by fraternal organizations, such as the International Order of Odd Fellows (IOOF), that have largely been forgotten by todayis society. Says that plots are not selling enough to fund the cemeteries. Says that historic cemeteries are provided for by 15% of the revenues from the sale of plots within the cemetery district.
250	Tarrant	Says that the loss of the fraternal organizations such as the IOOF has created a vacuum in that there is no longer a group responsible for looking after the cemeteries.
277	Jean Tarrant	Resident, Benton County, Oregon. Testifies in support of HB 2336. Says that it is the duty of Oregonians to care for the pioneers who populated the state.
286	Sen. Trow	Thanks the Tarrants for their dedication to the cause of maintaining historic pioneer cemeteries.
291	Burton Weast	Representative, Special Districts Association (SDA). Testifies in support of HB 2336. Says that cemeteries would be added to the current list of county service districts by HB 2336. States that the small size and limited duties of cemetery districts would make it reasonable for counties to take the districts under their wing.
328	Art Schlack	Representative, Association of Oregon Counties (AOC). Testifies in support of HB 2336. Says that the bill is another tool for counties to provide service districts to their citizens. Says that the bill is a worthy addition and would be worth the support of the committee.
356	Sen. Shields	Says that some pioneer cemeteries are now run down. Asks what would keep a county from doing a bare

		minimum of upkeep and keeping the remainder of the money for other purposes. Asks if there is a safeguard against such occurrences.
388	Weast	Replies that cemetery districts are subject to standards governing cemeteries and mortuaries. Says that there is a State Cemetery and Mortuary Board that oversees cemetery operation and the use of dedicated funds. Says that there must be an election to approve the county oversight of cemeteries, which would make commissioners accountable for their decisions regarding those cemeteries.
TAPE 31,	В	
005	Schlack	Says that there are safeguards to prevent abuse. States that funds can only be used for other purposes in the event of a dissolution of the cemetery district.
009	Sen. Shields	Asks if anyone can designate an historic cemetery.
018	Weast	Replies that he does not know how pioneer cemeteries are established.
021	Sen. Shields	Says that he has seen many pioneer cemeteries and that some were county maintained and some were not.
028	Chair Duncan	Closes the public hearing on HB 2336 and opens a work session on HB 2336.
<u>HB 2336 </u>	WORK SESSION	
036	Sen. Trow	MOTION: Moves HB 2336 to the floor with a DO PASS recommendation.
040		VOTE: 5-0
		AYE: In a roll call vote, all members present vote Aye.
	Chair Duncan	The motion CARRIES.

		SEN. TROW will lead discussion on the floor.		
043	Chair Duncan	Closes the work session on HB 2336 and opens a public hearing on HB 2279.		
<u>HB 2279</u>	PUBLIC HEARING			
046	Marjorie Taylor	Committee Administrator. Gives a brief description of HB 2279.		
052	Sen. Shannon	Rules are suspended to allow Sen. Shannon to vote on HB 2336. Records an AYE vote for HB 2336.		
060	Travis Prestwich	Extern, Oregon Law Commission and Judiciary Committee. Testifies in support of HB 2279. Says that the bill repeals an obsolete teachers retirement system that is no longer in use. Says that he knows of no opposition to the bill.		
067	Kate Richardson	Legislative Aide, Rep. Lane Shetterly. Says that the elimination of the obsolete retirement system was decided upon by the Oregon Law Commission during the Interim.		
080	Chair Duncan	Discusses a personal experience from his term in the Idaho legislature.		
104	Sen. Shannon	Asks why it is necessary to eliminate the plan if there is no one using it.		
107	Richardson	Says that it takes up space and causes confusion. Mentions that there is an amendment (EXHIBIT F) to the bill.		
112	Chair Duncan	Closes the public hearing on HB 2279 and opens a work session on HB 2279.		
HB 2279 WORK SESSION				
117	Sen. Trow	MOTION: Moves to ADOPT HB 2279-1 amendments dated 3/2/99.		
118	Sen. Lim	Asks for a description of SB 29, which is mentioned in the ñ1		

		amendment.
122	Taylor	Gives a brief description of SB 29 and its relation to HB 2279.
126		VOTE: 3-0-2
		Excused: 2 - Shannon, Shields
	Chair Duncan	Hearing no objection, declares the motion CARRIED.
131	Sen. Trow	MOTION: Moves HB 2279 to the floor with a DO PASS AS AMENDED recommendation.
135		VOTE: 4-0-1
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 ñ Shannon
	Chair Duncan	The motion CARRIES.
		SEN. TROW will lead discussion on the floor.
165	Chair Duncan	Closes the work session on HB 2279 and opens a public hearing on SB 522.
<u>SB 522 PI</u>	UBLIC HEARING	
173	Marjorie Taylor	Committee Administrator. Gives a brief description of SB 522.
178	Sen. Shields	Rules are suspended to allow Sen. Shields to vote on HB 2279. Records an AYE vote for HB 2279.
179	Rob Bovett	Assistant County Counsel, Lincoln County. Testifies in support of SB 522 (EXHIBIT G). Says that the bill is designed to allow individual property owners to annex their property into a special district in order to obtain special services from that district. Says that the current process is long and involved due

		primarily to the fact that it is not designed for annexation of property at the request of the property owner. Says that SB 522 would extract the protracted annexation process only for those property owners who petition to be annexed.
230	Sen. Trow	Asks if SB 522 would apply to annexation by cities.
231	Bovett	Replies that the bill only applies to special districts as defined in ORS Chapter 198.
233	Sen. Trow	Asks if the bill only applies to a parcel of land being annexed into a district or if it applies also to the annexation of two districts.
234	Bovett	Replies that the most common example is a landowner seeking annexation into a fire or water district in order to receive services from that district.
236	Sen. Trow	Asks if the property must be contiguous to the district.
237	Bovett	Replies that the primary determinant is the type of service provided by the district.
239	Sen. Trow	Asks if Mr. Bovett is aware of any opposition to SB 522.
242	Bovett	Replies that he knows of no opposition. Says that the AOC and LOC have some questions regarding the bill but have not expressed opposition.
253	Sen. Trow	Asks if the bill was motivated by a particular instance of a need for a change in the annexation process.
255	Bovett	Replies that it was motivated more by the volume of complaints received by customers asking for an easier process.
257	Sen. Trow	Asks for a description of the current process.
260	Bovett	Describes the steps of the current annexation process:

		 Petition to annex is circulated and submitted Petition receives a hearing by the special district board of directors and is approved or denied Petition is filed (with a filing fee) with the county clerk Petition is transmitted to the board of commissioners A public hearing is held (after notices are published) to determine if the property can be properly annexed into the district A second public hearing is held (after published notices) to allow opportunity for opposition to be voiced An election may be held if there is substantial opposition to the annexation
278	Sen. Trow	Says that SB 522 would circumvent several "hurdles." Asks if the number of hurdles is based on the possibility that there may be controversial annexations.
282	Bovett	Replies that there are many annexations for which the process makes sense. Says that the process can also begin with the special district board of directors issuing a resolution for an "involuntary" annexation. Says that the process seems appropriate for involuntary annexations but is less appropriate for voluntary annexation.
296	Sen. Trow	Asks if the process might be controversial if a large land owner petitioned for annexation into a district which was not adjacent to his property, due to a potential financial benefit.
301	Bovett	Replies that such an example would not fall under the described process but rather would undergo a "dual" process. Says that SB 522 would not apply to such a case.
312	Chair Duncan	Asks if the bill would apply to school districts.
315	Bovett	Replies that the bill does not apply to school districts.
326	Sen. Trow	Asks how the county commission has influence over the process.

331	Bovett	Replies that the entire process occurs in front of the county board of commissioners.
338	Sen. Trow	Asks if the commissioners have final say as to whether annexation takes place.
342	Bovett	Replies that it does, unless the process goes to an election.
344	Sen. Trow	Says that there are no elections provided for in SB 522. Asks if the county could have an election if it wished to under the bill.
349	Bovett	Replies that the board of commissioners could have an election if they so chose, but it is unlikely that there would be a reason to have one.
362	Burton Weast	Representative, Special Districts Association (SDA). States that the SDA does not oppose the bill. Says that the issue has not come up at SDA meetings. Says that the narrowness of the bill is unlikely to do any harm. Says that the regulations which would be affected are archaic and that he has considered using SB 522 to replace the archaic language.
TAPE 32	В	
017	Art Schlack	Representative, Association of Oregon Counties (AOC). Concurs with Mr. Weastis desire to use SB 522 to correct language within ORS Chapter 198.
023	Sen. Shields	Asks if it would be too late to draft a committee bill to speak to the concerns voiced by Mr. Weast and Mr. Schlack.
027	Taylor	Replies that the deadline for submission of committee bills is today.
036	Weast	States that the SDA and AOC have no desire to slow down the progression of SB 522 unless both the committee and Mr. Bovett are interested. Says that the bill would be an appropriate vehicle.
041	Chair Duncan	Asks Bovett if he is interested in

		making the adjustment to SB 522.
043	Bovett	Replies that it may be appropriate to make the changes mentioned. Says that he would support amendment to the bill that would address the concerns mentioned.
055	Sen. Trow	Says that if the three gentlemen agree to work together on an amendment then the committee would consider the finished product. States that they should seek the consent of Sen. George, as he is the sponsor of SB 522. Says that the added backing of the AOC and SDA might help to pass the bill through the process.
061	Weast	States that the changes would not be too difficult to make. Asks for authorization for amendments to the bill.
066	Chair Duncan	Closes the public hearing on SB 522, adjourns the meeting at 4:35 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,

Administrative Support Administrator

EXHIBIT SUMMARY

- A ñ SB 200, chart, Rollie Wisbrock, 1 p.
- B ñ SB 200, -1 amendment, staff, 8 pp.
- C ñ SB 200, -2 amendment, staff, 1 p.
- D ñ HB 2336, testimony, Rep. Barbara Ross, 2 pp.
- E ñ HB 2336, testimony, Robert Tarrant, 1 p.
- F ñ HB 2279, -1 amendment, staff, 1 p.
- G ñ SB 522, testimony, Ron Bovett, 1 p.