

**SENATE COMMITTEE ON RULES AND ELECTIONS**

**June 16, 1999 Hearing Room B**

**8:00 a.m. Tapes 101 - 102**

**MEMBERS PRESENT: Sen. Charles Starr, Chair**

**Sen. Marylin Shannon, Vice-Chair**

**Sen. Lee Beyer**

**Sen. Peter Courtney**

**Sen. Veral Tarno**

**MEMBER EXCUSED:**

**STAFF PRESENT: Carol Rives, Administrator**

**Marjorie Taylor, Administrator**

**Brian E. Smith, Administrator**

**Gary Roulier, Administrative Support**

**MEASURE/ISSUES HEARD: HB 3541A Work Session**

**HB 2199A Public Hearing and Work Session**

**HB 2463A Public Hearing and Work Session**

**HB 2964A 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 101, A		

000	Chair Starr	Opens the meeting at 8:08 a.m. and opens a work session on HB 3541A.
<b><u>HB 3541A WORK SESSION</u></b>		
003	Carol Rives	Administrator. Explains the provisions of HB 3541A which prohibits state agencies from establishing new rules or regulations affecting residential, commercial, industrial, electric utility, transportation, agricultural, energy or mining sectors that reduce emissions of greenhouse gases in order to implement the Kyoto Protocol.
015	Sen. Tarno	<b>MOTION: Moves HB 3541A to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 3-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Beyer, Courtney</b>
	Chair Starr	<b>The motion CARRIES.</b>  <b>SEN. TARNO will lead discussion on the floor.</b>
020	Chair Starr	Closes the work session and opens a public hearing on HB 2199A.
<b><u>HB 2199A PUBLIC HEARING</u></b>		
026	Brian Smith	Administrator. Explains the provisions of HB 2199A which increases aviation gas and jet fuel taxes.
035	Grace Crunican	Director, Oregon Department of Transportation. (ODOT) Testifies in support of HB 2199A.
041	Ann Crook	Interim Manager, ODOT Aeronautics Division. Presents ( <b>EXHIBIT A</b> ) and testifies in support of HB 2199A. Notes that budget constraints have created a dire need for pavement maintenance on airports throughout the state.
068	Chair Starr	Asks where the funds are targeted.
070	Crook	Responds that all airports can share the funds. Discusses the compromise provisions of the bill with the Chair.
087	Sen. Shannon	Asks if the Port of Portland will receive the majority of the revenue.

095	Crook	Responds that the distribution would be based on the need for pavement maintenance.
099	Crunican	Adds that many of the lease agreements with the airport operators were updated to reflect current market rates.
117	Sen. Shannon	Asks if the smaller airports will be left out when the Port of Portland begins participating in the pavement maintenance program.
127	Crook	Answers that the Port of Portland may receive some funds but does not expect it to have a negative impact on the overall program.
135	Sen. Tarno	Asks about the Curry Coast airport.
137	Crook	Responds that is the Brookings Airport.
151	Roger Martin	Alaska Airlines and Air Transport Association. Presents ( <b>EXHIBIT B</b> ) and testifies in opposition to HB 2199A. Explains that there are no oil refineries in Oregon which results in a higher price for jet fuel because of freight costs.
204	Sen. Beyer	Asks if the prices shown in the exhibit include taxes.
215	Martin	Responds that the figures shown include taxes. States that the Port of Portland has never requested an increase in the jet fuel tax. Adds that the jet tax paid by the airlines will go to funding the new Aviation Department and other projects that support general aviation.
257	Chair Starr	Asks if the airlines would be more likely to refuel in Seattle rather than Portland if the taxes are increased.
267	Martin	Responds that it would depend on specific air carrier routes and points out that international fuel is currently exempt from taxation.
281	Sen. Shannon	Comments that the witness' statements are misleading and there is no intent to fund the new Aviation Department with jet fuel taxes.
301	Chair Starr	Disagrees and states that this bill does represent a shift in funding.
311	Betsy Johnson	Vice-President, Oregon Pilotis Association. Testifies in support of HB 2199A. Explains that the fuel tax will not fund the new Aviation Department but will be restricted to maintain the pavement at Oregon airports.
341	Sen. Shannon	Asks for the amount of the federal match.

346	Johnson	Responds that the Airport Improvement Program (AIP) match would be 10 percent state and 90 percent federal. Emphasizes, however, that pavement maintenance is not eligible for federal funds. Notes that the jet fuel tax rate has not changed since 1959.
386	Sen. Shannon	Asks if Portland airlines will be underwriting the maintenance of airports around Oregon.
397	Johnson	Responds that is not correct. Explains that the funds will be used to maintain airports that are part of the aviation system and are feeding the growth at Portland International Airport.
<b>TAPE 102, A</b>		
009	Martin	Reiterates that the majority of the funds for the Aviation Department are provided through the jet fuel tax.
026	Sen. Tarno	Asks if the witnesses have had the opportunity to see the ñA4 amendments.
028	Johnson	Responds that she has not seen the amendments.
031	Rep. Jeff Kropf	House District 54. Testifies in support of HB 2199A and the proposed amendments. Notes that the purpose of the amendments is to reduce the proposed tax increase from 200 percent to 100 percent. Adds that the expansion of state airports is dependent on good maintenance.
084	Rep. Kropf	Emphasizes that the issue is tax fairness.
097	Sen. Shannon	Asks for clarification on the proposed tax increase for aviation fuel. Discusses the proposed increases with Rep. Kropf.
113	Sen. Beyer	Discusses the revenue impact with Rep. Kropf.
131	Sen. Shannon	Asks if Rep. Kropf was part of the workgroup that established the tax rate proposed in the bill.
140	Rep. Kropf	Responds that he was not.
148	Sen. Beyer	Asks if landing fees are imposed at the non-commercial airports. Adds that the commercial air carriers pay this fee which is, in essence, part of the taxes they pay to maintain the airports.
155	Rep. Kropf	Responds that landing fees are not imposed at the smaller airports but reiterates that these facilities feed large numbers of passengers and cargo to Portland

		International.
173	Sen. Shannon	Notes that general aviation does not pay landing fees and this seems to justify an increased tax on aviation fuel.
184	Rep. Kropf	Responds that the commercial aviation operations are revenue producing where most general aviation operations are not.
209	Chair Starr	Recesses the public hearing and opens a public hearing on HB 2463A.
<b><u>HB 2463A PUBLIC HEARING</u></b>		
218	Rep. Kurt Schrader	House District 23. Presents ( <b>EXHIBIT C</b> ) and testifies in support of HB 2463A which deletes the authority of a city within three miles of a proposed new city to prevent incorporation of a new city.

264	Rep. Schrader	Outlines the communities in support of the bill. Presents ( <b>EXHIBIT D</b> ) and explains the provisions of the ñA4 amendments.
309	Rep. Jane Lokan	House District 25. Testifies in support of HB 2463A. Notes that the community of Oak Grove desires the option of exploring incorporation.
340	Sen. Verne Duncan	Senate District 12. Testifies in support of HB 2463A. Agrees that the communities simply would like to be allowed the option.
357	Sen. Courtney	Reviews action by the legislature in 1981 to allow Keizer to incorporate. Notes that the applying city would need to apply to the city in whose Urban Growth Boundary (UGB) it is located.
401	Sen. Beyer	Summarizes the incorporation of the cities of Millersburg and Tangent in the 1970s.

**TAPE 101, B**

003	Rep. Schrader	Explains that the Keizer incorporation was a one-time exception.
020	Phillip Fell	League of Oregon Cities. Testifies in opposition to the proposed ñA4 amendments which allows incorporation within an UGB.
050	Sen. Beyer	Asks if the county court retains the right to terminate the incorporation proceedings and whether that provides enough protection.

067	Fell	Answers that it is substantial protection but reiterates the policy of insuring that urban providers service urban populations.
081	Sen. Beyer	Reviews attempts by the community of Santa Clara in Lane County to incorporate.
094	Chair Starr	Closes the public hearing and opens a work session on HB 2463A.

**HB 2463A WORK SESSION**

100	Sen. Shannon	<b>MOTION: Moves to ADOPT HB 2463A-4 amendments dated 6/2/99 (EXHIBIT D).</b>
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**VOTE: 3-2**

**AYE: 3 - Shannon, Tarno, Starr**

**NAY: 2 - Beyer, Courtney**

<b>Chair Starr</b>	<b>The motion CARRIES.</b>
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109	Sen. Shannon	<b>MOTION: Moves HB 2463A to the floor with a DO PASS AS AMENDED recommendation.</b>
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**VOTE: 5-0**

**AYE: In a roll call vote, all members present vote Aye.**

<b>Chair Starr</b>	<b>The motion CARRIES.</b>
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**SEN. SHANNON will lead discussion on the floor.**

128	Chair Starr	Closes the work session and reopens a public hearing on HB 2199A.
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**HB 2199A PUBLIC HEARING**

136	Keith Leavitt	Manager of State Government Relations, Port of Portland. Testifies in support of HB 2199A and in opposition to the amendments.
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159	Sen. Beyer	Asks about the sensitivity of air carriers to the price of jet fuel.
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171 Leavitt Responds that he has no specific information on the effect of a tax increase but believes there will be no adverse business impact.

191 Chair Starr Closes the public hearing and opens a work session on HB 2199A.

#### **HB 2199A WORK SESSION**

197 Sen. Beyer Outlines the revenue impact of the bill and notes that HB 2199A seems to be a "balanced proposal."

211 Sen. Beyer **MOTION: Moves HB 2199A to the floor with a DO PASS recommendation.**

220 Sen. Tarno Comments on his support for the ñA4 amendments.

231 Sen. Beyer Notes that would shift more of the burden to the commercial air carriers who do not even use the smaller airport facilities.

246 Sen. Shannon States that she would like input from members of the workgroup.

258 Johnson Responds that the general aviation representatives felt that the airport system badly needed additional funds for pavement maintenance. Adds that the additional 3 cent tax rate increase was determined to be an amount that ensured that general aviation paid a fair share.

311 **VOTE: 5-0**

**AYE: In a roll call vote, all members present vote Aye.**

**Chair Starr The motion CARRIES.**

**SEN. SHANNON will lead discussion on the floor.**

321 Chair Starr Closes the work session and opens a public hearing on HB 2964A.

#### **HB 2964A PUBLIC HEARING**

329 Smith Explains the provisions of HB 2964A which prohibits the State Fire Marshall from regulating the transfer of aircraft fuel from fuel distributoris tank vehicle to aircraft refueling vehicle. Presents (**EXHIBIT E**) and outlines the provisions of the ñA2 amendments.

347 Jack Lenhardt Owner, Lenhardt Air Park, Hubbard, Oregon. Testifies in support of HB 2964A. Speaks to attempts to form a workgroup with the State Fire Marshallis office to address rules for fuel transfers at airports.

**TAPE 102, B**

008	Roger Severson	State Fire Marshall's Office. Presents ( <b>EXHIBIT F</b> ) and testifies in opposition to HB 2964A and the proposed amendments. Notes that the bill allows flammable liquids to be transferred in bulk quantity at airports without regard for minimum fire safety standards.
032	Sen. Shannon	Asks how long it takes to establish a workgroup process to examine the codes.
034	Severson	Responds that efforts are underway and they are pointing to early July to begin an examination of the issues.
051	Sen. Beyer	Asks how often the fire codes are updated and if there is an interim process.
055	Severson	Responds that the process is to review the codes at three-year intervals. Adds that there is a current process to review the codes with the intent of having new rules in place by the year 2000.
076	Chair Starr	Asks if there are significant problems with the smaller airports.
086	Severson	Answers that there have not been significant problems to date but relates incidents in other fuel transfer operations.
090	Sen. Tarno	Comments that Section 2 still gives the Fire Marshall the authority to write rules for the transfer of fuel.
102	Smith	Points out that Section 2 refers to reporting rather than regulating.
107	Chair Starr	Remarks that rules need to be developed for the smaller airports in consultation with the bulk fuel dispensing industry representatives. Comments on his support for eliminating regulation of the smaller airports until rules can be developed and brought before the legislature at the next session.
136	Sen. Beyer	Notes his reluctance to legislate technical issues dealing with fire safety.
149	Chair Starr	Agrees but notes that many of the regulations are cumbersome.
171	Lenhardt	Relates a situation where his air park was operating under a waiver and did not have access to fuel. Discusses the waiver with Sen. Beyer.
191	Severson	Explains that temporary rules were adopted to allow operation while newer rules were established. Reviews the most recent code adoption process on single-person fueling.
218	Sen. Tarno	Asks why the requestor asked for the bill if temporary waivers are available.



227	Severson	Answers that he does not know since the requestor was participating in the process to update the rules.
236	Sen. Shannon	Asks why the air park did not have fuel available when the waiver was granted.
236	Lenhardt	Responds that the specific rule has always been in effect but was not enforced.
254	Sen. Beyer	Reiterates that this is a public safety issue.
263	Chair Starr	Agrees but feels that some industries are over-regulated.
299	Chair Starr	Closes the public hearing and opens a work session on HB 2964A.

**HB 2964A WORK SESSION**

303	Sen. Shannon	<b>MOTION: Moves to ADOPT HB 2964A-2 amendments dated 6/15/99 (EXHIBIT E).</b>
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**VOTE: 5-0**

**AYE: In a roll call vote, all members present vote Aye.**

<b>Chair Starr</b>	<b>The motion CARRIES.</b>
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317	Sen. Shannon	<b>MOTION: Moves HB 2964A to the floor with a DO PASS AS AMENDED recommendation.</b>
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**VOTE: 3-2**

**AYE: 3 - Shannon, Tarno, Starr**

**NAY: 2 - Beyer, Courtney**

<b>Chair Starr</b>	<b>The motion CARRIES.</b>
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**SEN. STARR will lead discussion on the floor.**

338	Chair Starr	Closes the work session and adjourns the meeting at 9:57 a.m.
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Gary Roulier, Brian Smith,

Administrative Support Administrator

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Reviewed by, Reviewed by,

Carol Rives Marjorie Taylor

Administrator Administrator

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**EXHIBIT SUMMARY**

**A ñ HB 2199A, written testimony, Ann Crook, 5 pp**

**B ñ HB 2199A, map, Roger Martin, 1 p**

**C ñ HB 2463A, written testimony and letter, Rep. Kurt Schrader, 3 pp**

**D ñ HB 2463A, amendments, staff, 1 p**

**E ñ HB 2964A, amendments, staff, 1 p**

**F ñ HB 2964A, written testimony, Roger Severson, 1 p**

**G ñ HB 2463A, letters submitted prior to meeting, staff, 4 pp**

**SENATE COMMITTEE ON RULES AND ELECTIONS**

**June 16, 1999 Hearing Room B**

**5:00 p.m. Tape 103**

**MEMBERS PRESENT: Sen. Charles Starr, Chair**

**Sen. Lee Beyer**

**Sen. Peter Courtney**

**Sen. Marylin Shannon**

**MEMBER EXCUSED: Sen. Veral Tarno**

**STAFF PRESENT: Marjorie Taylor, Administrator**

**Jan McComb, Administrator**

**Patrick Brennan, Administrative Support**

**MEASURE/ISSUES HEARD: HB 2713 Public Hearing and Work Session**

**HB 2375-A Public Hearing and Work Session**

**HB 2732 Public Hearing and Work Session**

**HB 3040-A Public Hearing**

**HB 3558-A Public Hearing and Work Session**

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TAPE/#	Speaker	Comments
<b>TAPE 103, A</b>		
003	Chair Starr	Calls the meeting to order at 5:05 p.m. Announces that the public hearing for HB 2866-A has been moved to June 22. Opens a public hearing on HB 2713.
<b><u>HB 2713 PUBLIC HEARING</u></b>		
018	Chair Starr	Notes there is no one present to testify on the bill.
021	Sen. Courtney	Mentions that the bill received no opposition in the House. Suggests the committee send the bill to the floor of the Senate.

023	Chair Starr	Closes the public hearing on HB 2713 and opens a work session on HB 2713.
<b><u>HB 2713 WORK SESSION</u></b>		
026	Sen. Courtney	<b>MOTION: Moves HB 2713 to the floor with a DO PASS recommendation.</b>
028		<b>VOTE: 3-0-2</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Beyer, Tarno</b>
	Chair Starr	<b>The motion CARRIES.</b>  <b>SEN. COURTNEY will lead discussion on the floor.</b>
033	Chair Starr	Closes the work session on HB 2713 and opens a public hearing on HB 2375-A.
<b><u>HB 2375-A PUBLIC HEARING</u></b>		
045	John Foster	President, Clackamas County Farm Forestry Association. Testifies in support of HB 2375-A. Explains that citizens who sell real property to the government may currently be required to pay back taxes. Mentions that selling to a private citizen would not carry the same requirement.
053	Sen. Shannon	Mentions that the matter was corrected for farmers last session, while HB 2375-A makes the correction for timber workers. Offers the example of selling land to the Oregon Department of Transportation (ODOT) for road construction.
056	Foster	Concurs with Sen. Shannon's example, adding that such a sale is for the benefit of the people of Oregon, rather than the landowner. Offers the Columbia Gorge scenic area as another example. Acknowledges that there are ways in which timberlands could be sold to the state that would be to the sole advantage of the landowner.

065	Sen. Shannon	Inquires whether Mr. Foster is interested in "back-dating" the bill to recoup past losses.
069	Foster	Expresses support for back-dating the bill for two years, adding that he is satisfied with the bill in its current form. Reiterates that he is merely interested in a level playing field.
074	Chair Starr	Recalls the correction made in 1997 with regard to agricultural lands. Closes the public hearing on HB 2375-A and opens a work session on HB 2375-A.
<b><u>HB 2375-A WORK SESSION</u></b>		
084	Jan McComb	Committee Administrator. Indicates that the committee has received the A4 amendments ( <b>EXHIBIT A</b> ) which resolve conflicts with SB 248.
087	Sen. Shannon	<b>MOTION: Moves to ADOPT HB 2375-A4 amendments dated 6/16/99.</b>
089		<b>VOTE: 3-0-2</b>  <b>EXCUSED: 2 - Beyer, Tarno</b>
	Chair Starr	<b>Hearing no objection, declares the motion CARRIED.</b>
092	Sen. Shannon	<b>MOTION: Moves HB 2375-A to the floor with a DO PASS AS AMENDED recommendation.</b>
093		<b>VOTE: 3-0-2</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Beyer, Tarno</b>
	Chair Starr	<b>The motion CARRIES.</b>  <b>SEN. SHANNON will lead discussion on the floor.</b>

098	Chair Starr	Closes the work session on HB 2375-A and opens a public hearing on HB 2732.
<b><u>HB 2732 PUBLIC HEARING</u></b>		
099	Sen. Courtney	Asks if the property in question is tax exempt.
102	Sen. Shannon	Replies that it is put on the tax roll.
110	Chair Starr	Closes the public hearing on HB 2732 and opens a work session on HB 2732.
<b><u>HB 2732 WORK SESSION</u></b>		
113	Chair Starr	Clarifies that the bill will add volunteer fire departments to the list of organizations that are exempt from property taxation.
116	Sen. Courtney	<b>MOTION: Moves HB 2732 to the floor with a DO PASS recommendation.</b>
118		<b>VOTE: 3-0-2</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Beyer, Tarno</b>
	Chair Starr	<b>The motion CARRIES.</b>  <b>SEN. STARR will lead discussion on the floor.</b>
121	Sen. Courtney	Requests that Rep. Montgomery and Westlund explain the reasons the bill was brought forth prior to it being carried on the floor of the Senate.
126	Chair Starr	Closes the work session on HB 2732 and opens a public hearing on HB 3040-A.
<b><u>HB 3040-A PUBLIC HEARING</u></b>		
130	Marjorie Taylor	Committee Administrator. Gives a brief description of the bill. Says the bill would transfer the state service

		center for the Geographical Information System (GIS) from the Department of Administrative Services (DAS) to the Legislative Administration Committee (LAC). Adds that its name would change to the Geographic Information Services Center. Mentions the bill has a subsequent referral to the Committee on Ways and Means.
144	Chair Starr	Inquires as to the vote in the House.
147	Sen. Courtney	Suggests the bill be sent to Ways and Means without recommendation.
150	Chair Starr	Wonders how the change will affect Legislative Administration.
154	Dave Henderson	Legislative Administrator. Indicates that the change will not have a fiscal impact, as the budget for GIS would be transferred to LAC along with the authority.
160	Sen. Beyer	Inquires as to why the bill was brought forth.
163	Taylor	Replies that having GIS within LAC would allow legislators greater access to information.
166	Henderson	Indicates that GIS has been utilized in the past for redistricting, a process that will occur again soon after the 2000 census is completed.
171	Sen. Beyer	Asks for other examples of activities GIS is used for.
173	Henderson	Replies that GIS is used for mapping by a number of state agencies, as well as on a fee-for-service basis by other government entities, such as school districts.
181	Sen. Beyer	Wonders if legislative staff proposed the bill.
183	Henderson	Replies that Rep. Hill proposed the bill.
186	Sen. Beyer	Inquires whether the Senate Committee on Information Management and Technology considered the bill.
188	Sen. Courtney	Replies that committee was closed prior to the bill's introduction in the

		Senate.
189	Sen. Beyer	Asks if the Interim Committee on Information Management considered the bill.
193	Henderson	Replies that he has no recollection of the issue being considered during the interim.
195	Sen. Beyer	Asserts that GIS is an executive function and should not be shifted to the legislature.
196	Sen. Courtney	Reiterates that he would support a motion to move the bill to Ways and Means only if it was without recommendation.
198	Chair Starr	Concurs with the suggestion to move the bill without recommendation.
199	Sen. Shannon	Expresses a desire to have Rep. Hill explain his reasons for wanting GIS transferred to LAC.
211	Sen. Beyer	Concurs with Sen. Shannon.
212	Chair Starr	Indicates that Rep. Hill is not available to testify at this time. Closes the public hearing on HB 3040-A and opens a public hearing on HB 3558-A.
<b><u>HB 3558-A PUBLIC HEARING</u></b>		
222	Burton Weast	Representative, Plumbing, Heating, and Cooling Contractors. Testifies in support of BH 3558-A. Explains that the bill would eliminate the need for plumbers to be licensed with the State Fire Marshal to work on LP gas lines. Indicates that all parties agree that the license is superfluous, save for the installation of LP gas tanks, which would still be covered by the requirement.
250	Chair Starr	Closes the public hearing on HB 3558-A and opens a work session on HB 3558-A.
<b><u>HB 3558-A WORK SESSION</u></b>		
255	Sen. Beyer	<b>MOTION: Moves HB 3558-A to the floor with a DO PASS recommendation.</b>



257	Sen. Courtney	Requests confirmation that plumbers working on LP gas lines will still need to be licensed.
260	Chair Starr	Clarifies that they would still be licensed, but that multiple licenses would not be necessary.
<b>266</b>		<b>VOTE: 4-0-1</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Tarno</b>
	<b>Chair Starr</b>	<b>The motion CARRIES.</b>  <b>SEN. BEYER will lead discussion on the floor.</b>
282	Chair Starr	Closes the work session on HB 3558-A and adjourns the meeting at 5:27 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,  
Administrative Support Administrator

#### **EXHIBIT SUMMARY**

**A ñ HB 2375, -A4 amendments, staff, 3 pp.**