

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON TELECOMMUNICATIONS AND TRADE

May 7, 1997 Hearing Room 343

8:15 AM Tapes 71 - 72

MEMBERS PRESENT:

Rep. Jim Hill, Chair

Rep. Ron Adams

Rep. Tom Whelan

Rep. Cynthia Wooten

MEMBER EXCUSED:

Rep. Eldon Johnson

STAFF PRESENT:

Julie Neburka, Administrator

Coben Tistadt, Administrative Support

MEASURE/ISSUES HEARD:

HB 2650 - Public Hearing

HB 3041 - Public Hearing and Work Session

HB 3102 - 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 71, A		
005	Chair Hill	Opens meeting at 8:26 AM. Opens public hearing on HB 2650.
<u>HB 2650 - PUBLIC HEARING</u>		
010		Committee Administrator. Presents staff measure summary.

	Julie Neburka	
024	Rep. Steve Harper	House District #53. Submits letters received on the topic (EXHIBIT A).
030	Sheryl Torres	President of Klamath International Trade and Transportation Service, Inc. Submits written testimony (EXHIBIT B).
045	Rep. Whelan	Asks what they hope to get.
050	Torres	Answers that they hope to entice industry.
063	Rep. Whelan	Asks if their business would benefit.
065	Torres	Answers that they would operate within a foreign trade zone and that presently there are "imposing tax constraints."
077	Craig Rosauer	Rosauer and Associates. States that public and private corporations can run a profit. States that foreign trade zones are required to be self-sufficient.
095	Rep. Whelan	Asks if the federal government discriminates between public and private corporations.
098	Rosauer	Answers no. Adds that federal law requires that there be enabling state legislation.
105	Rep. Adams	Asks about the costs.
111	Torres	States that they have to pay for the costs of custom inspections.
130	Rep. Adams	Asks why it costs the city when the user already pays.
137	Rep. Harper	Answers that the city hasn't marketed it correctly. Suggest privatizing.
149	Rosauer	States that the federal government reviews foreign trade zones. States that the city can't afford it.
167	Rep. Adams	Asks about the tax status of a for-profit company in a foreign trade zone.
175	Rosauer	Answers that all taxes apply except custom duties.
187	Rep. Adams	Asks about value-adding.
205	Rosauer	Answers that the value added cannot be taxed on the duty rates.
215	Rep. Adams	Asks if for-profits run foreign trade zones in other states.
222	Rosauer	Answers that almost all foreign trade zones are run by an "operator," which is usually for-profit. Adds that the grant itself, i.e., the federal license to run the foreign trade zone, is usually held by a municipality, but that municipalities sometimes can't afford to run them.
237	Chair Hill	

		Asks if the legislature is required to create a "special law" as stated in federal statute or if they can place that responsibility with local governments.
247	Rosauer	Answers that it is required that the state legislature act.
256	Torres	States that they need enabling legislation as defined in federal regulation.
259	Chair Hill	Asks about possibly passing legislation authorizing municipalities to do this.
270	Rosauer	Answers that the burden is placed with the state.
276	Rep. Whelan	States his preference that municipalities be given this responsibility, noting the possibility that KITTS could run into difficulties and that the municipality would have to wait for the legislature to reconvene to act.
292	Rosauer	States that the legislation authorizes private companies to submit applications.
319	Rep. Adams	Notes that both the -1 amendments and the -2 amendments refer to the same section. Opines that KITTS would be the only company to operate in the state of Oregon.
337	Torres	Answers that it depends on the language of the bill.
348	Rep. Adams	Asks if they are only applying in Klamath Falls.
353	Torres	Answers yes.
355	Chair Hill	Asks legislative counsel to look at federal law and determine how to give local governments the greatest amount of flexibility.
367	Rep. Harper	States his support for broadening the legislation.
376	Rosauer	Refers counsel to the grant specific to the Klamath Falls area.
389	Rep. Adams	Asks for the assurance of an expert on foreign trade zones that this legislation is the "intelligent thing."
401	Rep. Wooten	Mentions her experience with foreign trade zones. Apologizes for being late. Asks if the issue before the committee is how much trade is needed to maintain foreign trade zone status.
424	Chair Hill	Answers that the issue is how to market the foreign trade zone. Closes the public hearing on HB 2650. Opens public hearing on HB 3041.
TAPE 72, A		
<u>HB 3041 - PUBLIC HEARING</u>		
004	Neburka	Presents staff measure summary.
011	Gordon Fultz	Association of Oregon Counties. States that the bill allows pooling requests for revenue bonds in order to get better rates. Mentions the -1 amendments.

035	Chair Hill	Asks if Rep. Montgomery has seen the bill.
036	Fultz	Answers yes.
038	Yvonne Addington	Manager of the Regional Development Department for the Oregon Economic Development Department. Submits written testimony (EXHIBIT C). Notes that small communities have had trouble bonding public works projects. Mentions savings from pooling. States that they will seek loans from the federal government.
074	Chair Hill	Asks if the bill prohibits the use of the Special Public Works Fund.
076	Addington	Answers yes.
089	Rep. Whelan	Asks about the method of collecting fees for putting out a fire.
095	Addington	Answers that pooling would reduce the rates. States that funds for these projects are scarce. States that the -1 amendments eliminate the need for additional staffing and give more flexibility in raising money. Refers to table demonstrating that pooling will reduce interest rates (EXHIBIT D, p. 5).
155	Chair Hill	Asks if jails are included. Asks why not give general authority to pool.
165	Addington	Answers that bill addresses the fact that "weaker" communities couldn't obtain bonding.
168	Chair Hill	Asks what cannot be bonded.
172	Addington	Answers the purchasing of parks and open spaces.
188	Chair Hill	Asks if the bill only includes improvements to the land.
193	Addington	Answers that purchasing land would be included when a building is being constructed on that land.
195	Joni Low	League of Oregon Cities. Supports the bill.
197	Rep. Adams	Asks if this opportunity is extended to schools.
200	Addington	Answers that they don't know the level of interest amongst schools.
208	Chair Hill	Asks if schools built a building if they would be included.
210	Rep. Wooten	State the schools are "political subdivisions of the state" and not a part of municipal governments.
216	Rep. Whelan	States that the bill doesn't limit these activities to only municipal governments.
217	Chair Hill	Adds that the amendments specify municipalities and might be limiting.
218	Fultz	Adds that the relevant statute refers to municipalities.
220	Rep. Wooten	Supports extending this possibility to schools.
226		

	Rep. Adams	States that he doesn't know if this would benefit schools. Questions whether interest rates for building schools are already lower.
237	Addington	Mentions savings done on a waste water project in Eugene. Talks of financing school buildings.
250	Chair Hill	Closes public hearing on HB 3041, opens work session on HB 3041.
<u>HB 3041 - WORK SESSION</u>		
266	Rep. Whelan	Notes that the savings are considerable.
268	Rep. Adams	Asks if all the bonds are "20-year bonds."
270	Addington	Answers that they can go up to 25 years but that the rates for 20-year bonds are better.
288	Chair Hill	Asks if anyone has a problem with adding school districts.
291	Rep. Adams	Questions whether adding school districts will threaten the bill.
305	Chair Hill	Asks about potential fiscal impact.
307	Addington	Answers that they might have to hire additional staff if they include schools.
309	Chair Hill	Notes that participation is voluntary. Asks if they absorb the costs of the bill with the savings on the bonds.
312	Addington	Answers yes.
324	Rep. Wooten	States that the bill is not an attempt to circumvent measure 47.
330	Chair Hill	States that it would be fiscally prudent to include schools.
338	Rep. Adams	Questions whether adding schools would exclude municipalities from access to the program.
353	Addington	Mentions the amounts in various funds. States that they have the authority to sell \$400 million in bonds and that they have sold \$60 million.
370	Chair Hill	Asks Rep. Whelan if he recalls testimony from the Treasury Office on this issue in the General Government Committee.
375	Rep. Whelan	Answers yes. Asks if the Treasury Office generally coordinates bond sales for local governments.
378	Addington	Answers that the Treasury Office has to approve all of their bond sales.
382	Chair Hill	Suggests that the committee hear from the Treasury Office before returning to the bill.
394	Rep. Whelan	Expresses concern that demand for the program, with the inclusion of schools, might overwhelm the department.

404	Addington	States that she will discuss that issue with the department's financial counsel and the Treasury Office. States that this finance authority can be expanded.
406	Rep. Wooten	Recommends moving the bill to the full committee.
420	Rep. Adams	States that he would like to see a fiscal impact before moving the bill. Asks at what rates school districts currently borrow if they need this program.
TAPE 71, B		
007	Chair Hill	States that they will bring the bill back next week.
010	Rep. Adams	Asks if the department marks up the interest rate.
016	Addington	Answers no, that they pass on the entire savings due to lottery funding which pays for issuance costs.
018	Rep. Adams	Asks what happens if a municipality defaults.
027	Addington	Answers that the state is not liable. Notes that no municipality has defaulted save one.
045	Rep. Adams	Asks why the bill refers to statutes which don't deal with municipalities and their loaning capabilities.
057	Addington	Answers that the statutes refer to the Special Public Works Fund.
072	Rep. Adams	Asks if community facilities is an appropriate term with the inclusion of schools.
082	Addington	Answers that she will research the issue and return with an answer.
087	Fultz	Expresses concern with adding schools.
096	Rep. Adams	Questions whether it would make a significant difference to schools.
101	Rep. Whelan	States that his school district normally bonded for thirty years.
103	Chair Hill	Closes work session on HB 3041, opens public hearing on HB 3102.
<u>HB 3102 - PUBLIC HEARING</u>		
112	Neburka	Presents staff measure summary.
121	Lynn Schoessler	Housing and Community Services Department. States that the bill creates greater flexibility in purchasing mobile home parks, allowing non-profit organizations to pursue the purchase of parks. Explains the -1 amendments (EXHIBIT E).
171	Schoessler	Mentions groups supporting the bill.
194		Expresses surprise that all the groups agree.

	Rep. Whelan	
203	Schoessler	States that the department has received a "double A rating." Mentions efforts to extend the department's borrowing authority to the non-profits.
212	Rep. Whelan	Asks if they need legislative authority to extend that authority.
213	Schoessler	Answers no.
214	Rep. Whelan	Mentions out-of-state "operators" who inflate rent. Mentions desire to lower the interest rates for tenant-run non-profit organizations.
230	Schoessler	States that the purchase of a park by a non-profit takes it out of the escalating spiral of increasing rent.
238	Rep. Adams	Questions the phrase mandating that owners "negotiate in good faith" in the -1 amendments. Asks who requested the amendments.
245	Schoessler	Answers the Housing and Community Services Department.
248	Rep. Adams	Tells a story relating to the phrase "negotiate in good faith."
290	Chair Hill	Asks for the history of how this works.
294	Schoessler	States that only one negotiation has failed. States that they assess proposals submitted by non-profits.
317	Chair Hill	Asks if the owners would be required to negotiate in good faith outside of the jurisdiction of the program.
338	Schoessler	Answers that such negotiations would fall outside the bounds of the statutes.
353	Lynn Partin	Housing and Community Services Department. States that the obligation to negotiate in good faith already exists in statute. States that a tenant-supported non-profit organization isn't defined. Talks about possible definitions.
410	Schoessler	Mentions different organizations falling under the definition of a non-profit organization. States that by leaving out a definition they seek greater flexibility.
422	Chair Hill	Asks if tenant-supported organizations follow the "fifty-percent plus one" rule.
423	Schoessler	Answers no.
434	Chair Hill	Asks what the intent is regarding which organizations will be eligible.
TAPE 72, B		
014	Schoessler	Answers that the intention was to include tenant-association tenant-supported non-profit organizations.
019	Rep. Whelan	Asks if they could handle this by rule.

020	Schoessler	Answers yes.
023	Frank Burleson	Coalition of Mobile Home Park Residents. Supports the bill. States that it would lower rental costs. States that there was a park purchasing association in 1983 but that there hasn't been an appropriate opportunity since.
044	Rep. Adams	Asks if they want to purchase the entire facility.
052	Burleson	Answers that they would prefer buying the entire park.
064	Rep. Adams	States that the advance notice isn't a long time.
066	Burleson	Mentions that there are various institutions would could finance these deals.
071	Rep. Adams	Asks if they would check out their options concerning funding.
081	Burleson	Answers that they are operating under a 1989 bill which set up financing through the state. Adds that when that mechanism has failed that the association has been left to wait.
095	Rep. Adams	Asks if there is a financing piece to the legislation.
098	Chair Hill	States that the question is whether to allow a tenant-supported non-profit organization to purchase the parks.
104	Rep. Adams	Asks if the bill simply requires that owners notify tenant-supported non-profit organizations of upcoming park sales.
112	Chair Hill	Answers that the notification requirements already exists. States that bill determines that tenant associations cooperate with non-profit organizations.
126	Linda Sample Lindholm	Executive Director of the Manufactured Home Community Organization. Supports the bill. States that bids must be communicated to the tenants' purchasing organizations.
146	Rep. Adams	Asks if they are concerned with the lack of a definition a tenant-supported organization.
150	Lindholm	Answers that amendments could clarify the definition, but that she trusts that appropriate rules will be drawn by the HCSD.
161	Chair Hill	Closes public hearing on HB 3102, opens work session on HB 3102. Asks Rep. Adams if he would support a conceptual amendment to change the definition to "tenants' association supported non-profit organization."
<u>HB 3102 - WORK SESSION</u>		
174	Rep. Adams	MOTION: Moves to ADOPT HB 3102-1 amendments dated 4/11/97 and that the measure be FURTHER AMENDED on page 1, line 7, by changing "tenant" to "tenants' association" and on page 1, line 13, by changing "tenant" to "tenants' association".

190	Rep. Adams	Asks if the -1 amendments replace section 1 of the original bill
197	Chair Hill	Answers that they replace sections 1, 2, and 3.
213	Rep. Adams	MOTION: Moves to AMEND HB 3102 on page 2, in line 24, by changing "tenant" to "tenants' association," and on page 2, in line 28, by changing "tenant," to "tenants' association".
216		VOTE: 3-0
	Chair	Hearing no objection, declares the motion CARRIED.
221	Rep. Whelan	MOTION: Moves HB 3102 to the full committee with a DO PASS AS AMENDED recommendation.
228		VOTE: 3-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Wooten, Johnson
	Chair	The motion CARRIES. REP. WHELAN will lead discussion on the floor.
229	Chair Hill	Adjourns meeting at 10:10 AM.

Submitted By, Reviewed By,

Coben Tistadt, Julie Neburka,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2650, letters, Rep. Steve Harper, 11 pp.

B - HB 2650, written testimony, Sheryl Torres, 1 p.

C - HB 3041, written testimony, Yvonne Addington, 1 p.

D - HB 3041, table, Yvonne Addington, 10 pp.

E - HB 3102, LC amendments, staff, 2 pp.