

HOUSE COMMITTEE ON GENERAL GOVERNMENT

March 5, 1997 Hearing Room D

1:00 P.M. Tapes 36 - 37

MEMBERS PRESENT:

Rep. Ken Strobeck, Chair

Rep. Dan Gardner, Vice-Chair

Rep. Jim Hill

Rep. Bob Montgomery

Rep. Kurt Schrader

Rep. Liz VanLeeuwen

Rep. Tom Whelan

STAFF PRESENT:

Jeri Chenelle, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

HB 2447 - Public Hearing

HB 2181 - Public Hearing

HB 2074 - 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 36, A		
003	Chair Strobeck	Calls meeting to order at 1:08 p.m. and opens public hearing on HB 2447.
<u>HB 2447 - PUBLIC HEARING</u>		
	Chenelle	Reviews provisions of HB 2447.

006	Rep. Rasmussen	Introduces Dan Saltzman, Multnomah County Commissioner.
010	Dan Saltzman	Multnomah County Commissioner, submits prepared testimony and letters from Hillsdale Neighborhood Association and Friends of Portland Community Gardens, and reads his prepared statement in support of HB 2447 (EXHIBIT A) .
050	Saltzman	Continues presentation.
070	Rep. VanLeeuwen	Asks if the only loss would be property taxes and proceeds of the sales of the properties.
	Saltzman	Responds they are merely asking for the opportunity to sit down and talk to a non-profit land trust and work out a deal.
	Rep. Rasmussen	Adds that the properties being discussed are: ones which have not had the taxes paid for seven years and the owner of the property would have sold the property to recover some of their costs if they could; are properties where the owners have disappeared; or the property has no market value.
097	Saltzman	Adds the proposed legislation is permissive and does not require county commissions to do anything. If they choose, they can let the property go to sheriff's auction. Currently, every governmental entity and non-profit housing community development corporation can request the property from the county. This would afford similar status to non-profit land trusts, such as friends of community garden organizations, to enter into discussions with county governments to work out a deal, whether is it forgiving taxes or selling for consideration. Currently the county cannot have the negotiations unless one of the groups joins with a governmental entity.
110	Chair Strobeck	Asks how many properties are involved.
	Saltzman	Responds that while reviewing properties, he realized there are competing uses and other values, and that no one issue is addressed by the bill; it is simply a recognition..
		* A committee does review the properties under set criteria.
		* HB 2447 would allow another party to say they see the open space value or that they want to have a community garden; then the county can enter into negotiations.
		* The proposal is designed to be a long-term approach.
135	Chair Strobeck	Asks if there are pieces desirable for parks, open space and gardens.
	Saltzman	Responds affirmatively and adds some are three or four-acre parcels.
153	Rep. VanLeeuwen	Reads second paragraph of Friends of Portland Community Gardens letter (EXHIBIT A, page 5) and comments that is the best use of the small pieces of property.
165	Rep. Schrader	Comments there are benefits and values, and the properties are managed by the non-profit organizations.

173	Chair Strobeck	Asked if they solicit people to take the properties or whether the county waits for someone to speak up.
	Saltzman	Responds it is up to each county's process. Multnomah County compiles a list of foreclosed properties and sends it out to every neighborhood organization in the Portland-Multnomah County area, but they are not available to non-profit land trusts. If someone on the commission, in the county, or in Metro felt the parcel had significant open space or natural value, they would come in and indicate their interest in securing the property.
193	Chair Strobeck	Asks if they would normally be offering the property to the adjoining property owners.
	Saltzman	Responds affirmatively.
203	Chair Strobeck	Asks if it would be the intention to get a comparison of loss of taxes in an undeveloped situation and the trade off value.
	Saltzman	Responds that currently when a government agency or non-profit housing agencies requests the property, they look at whether it would be more beneficial to put it to auction to cover back taxes or put it in the hands of a group that will make the lot into an owner-occupied home.
218	Rep. Rasmussen	Comments Multnomah County is under Measure 47 pressures and HB 2447 would simply open up a tool for them in making local decisions.
234	Rep. Montgomery	Asks if this proposal has a "revisionary" clause.
	Saltzman	Responds affirmatively.
	Rep. Montgomery	Notes they cannot sell the property to the general public; they must sell it at auction.
248	Chair Strobeck	Closes public hearing on HB 2447 and opens public hearing on HB 2181.
<u>HB 2181 - PUBLIC HEARING</u>		
256	Chenelle	Notes sponsors of HB 2181 and notes there are multiple changes proposed that will be explained by witnesses.
286	James Shannon	Attorney and Chairman of the Oregon Municipal Debt Advisory Commission, introduces Bill Nessly, Assistant Attorney General, submits and reads a prepared statement in support of HB 2181 (EXHIBIT B).
336	Shannon	Continues presentation, reviews Sections 1 and 2 and notes Section 14 also relates to the policy statement.
370	Rep. Hill	Asks what effect this would have on the initiative petition process.
376	Shannon	Responds the initiative process can still be used. HB 2181 is to give comfort to the bond community. Until now the only comfort they had was the judicial interpretation of the contract clause in the United States and Oregon constitutions.
409	Chair	Asks if there would have to be a specific initiative directed to overturn

	Strobeck	issuance or obligation.
	Shannon	Responds operations would not be affected by Measure 47, but there is a question about how Measure 47 affects outstanding general obligation (GO) bond issues.
424	Shannon	Continues presentation; reviews provisions of Section 3 (EXHIBIT B, pages 1 and 2).
TAPE 37, A		
003	Shannon	Continues presentation, reviews Sections 4, 5, and 6 (EXHIBIT B, page 2).
035	Rep. Schrader	Asks if the federal government has said publications cannot be made.
	Shannon	Responds that in order to maintain the federal tax exemption of interest on the bonds, a federal income tax rules says the bonds have to be registered in a person's name so the government can track who is getting the interest.
043	Rep. Hill	Comments that as the committee considers this measure, it should be consistent with what has been done in other bills.
053	Shannon	Continues presentation; reviews Sections 7 through 14, (EXHIBIT B).
075	Shannon	Continues presentation, reviews Sections 15, and 16.
102	Rep. Hill	Comments he does not understand how they could win in a court case.
	Shannon	Responds it is his understanding that the statute of limitations is constitutional; there needs to be some assurance. This clarifies when the referendum right in Measure 5 begins.
	Rep. Hill	Comments he would have the scrutiny placed prior to the election.
133	Shannon	Comments procedurally it cannot be done before the election.
137	Bill Nessly	Assistant Attorney General, Oregon Department of Justice, comments language on page 10 in lines 17 to 20 provides a comparable provision that has already been placed when it talks about the effect of Measure 5 on state fees and assessments. The intent is to give the taxpayer 60-day period to challenge it. It allows litigation of the case before bonds are out on the market subject to question or bonds already sold. There is precedent in law in other areas.
167	Rep. Hill	Asks if the constitutionality of the provision in subsection (8) has been questioned in court.
170	Nessly	Responds that to his knowledge, the 60-day time limit has not been directly contested and believes it has been complied with. Notes case from Washington County was brought within the time limits.
168	Chair Strobeck	Comments this is a lot of what the legislature is dealing with now in terms of Measure 47 and that while there is a constitutional limit, it is in the prerogative of the legislature to prescribe time limits.
183	Shannon	Continues presentation; reviews Sections 18 through 26 (EXHIBIT B, pages 3 and 4).

199	Rep. Hill	Asks if ORS 777.565 relates only to port districts.
200	Shannon	Responds affirmatively.
	Rep. Hill	Asks if it allows any other municipality the option of a resolution.
206	Shannon	Explains the procedure is complicated. Under the port district statute, in order to pass an ordinance at one reading there has to be a unanimous vote and all members must be present, and there must be published notice of the intent to adopt an ordinance two weeks before the ordinance is adopted. After the ordinance is adopted it must be filed with the county clerk. The county clerk does not know where to put it because it is not a deed record. All other municipal corporations have the authority to issue bonds through a resolution; this gives the same authority to port districts.
221	Rep. Hill	Asks what the differences are between a resolution and an ordinance.
224	Shannon	Explains that an ordinance is actually a local government law, and a resolution is more of an evidence of intent of the local government.
234	Rep. Hill	Asks if a difference also is that an ordinance can be referred by the voters by petition and a resolution cannot.
238	Shannon	Responds Rep. Hill is correct and adds that an ordinance is subject to the referendum process.
241	Rep. Schrader	Comments he agrees with Rep. Hill and the decision for the committee is to decide whether to give the ports the authority.
246	Rep. VanLeeuwen	(In reference to Sections 1 and 2) Asks how an initiative passed by a vote of the people could be prohibited.
258	Shannon	Responds initiative measures are subject to all provisions of the Oregon and United States constitutions and the courts have upheld the constitutional provision to say the initiative process cannot be used to lower water rates.
275	Rep. VanLeeuwen	Asks if that is what language on page 9, lines 9 through 21, says.
288	Shannon	Explains that Section 14, lines 31 to 37 is "the meat". Sections 1 and 2 are an expression of legislative intent. If to enforce a referendum or initiative would impair existing covenants, this statute would prevent the enforcement of that. There is nothing to prevent someone from bringing an initiative measure to seek to impair contractual provisions. This would be legislative intent that the State of Oregon does not advocate use of the initiative process to frustrate covenants made in debt issuance for outstanding bonds. That would give comfort to the bond market.
301	Rep. VanLeeuwen	Asks if this bill is extending the bonding powers to every entity from water districts to diking districts, and to public subdivisions or public corporation, and whether this is almost talking about certificates of participation (COPs) without saying so.
		Responds the bill does not grant any additional authority to any municipality to sell bonds or to incur bonded indebtedness. Notes the

330	Shannon	lease purchase ability of municipalities is not a bonding concept. All but four or five local governments in Oregon have the authority to enter into lease purchase agreements. Chapter 198 lists 24 special districts. Another section lists five not listed in 198.010. One of the five others happens to be the Port of Portland. All ports have authority to enter into lease purchase agreements except the Port of Portland because they are not listed in the statutory reference. They want to level the playing field so all local governments have similar authorities in their ability to finance projects. Lease purchase agreements do not permit the levy of an additional tax.
350	Rep. VanLeeuwen	Comments last session lease purchase turned into the ability for local government or schools to purchase items with COPs.
362	Shannon	Comments school districts have had the ability to lease purchase for years.
377	Rep. Hill	Asks what the procedure is for choosing the Port of Portland board of directors.
391	Shannon	Indicates he has no first hand knowledge of the process.
	Rep. Hill	Comments the directors are appointed by the governor and that may answer the question of why some entities are given more authority. Suggest Shannon match up the lists to see who is appointed and who is elected.
402	Rep. Schrader	Asks if the bonding companies have communicated to the treasurer that if we do these things Oregon will get a better rating.
404	Shannon	Responds he doesn't know what rating agencies have told the state. There is a major concern with Oregon's initiative process by the rating agencies and the bond market and anything the commission can do to give comfort to the bond market would help local governments.
TAPE 36, B		
004	Rep. Schrader	Comments his concern is that if there is no benefit to putting in new language, then it is a waste of time.
012	Chair Strobeck	Asks if the overall purpose of HB 2181 is an effort to give some level of comfort to the bond market--that we do have some control over the financial obligations.
018	Shannon	Responds affirmatively.
019	Chair Strobeck	Asks if anything in HB 2181 conflicts with or is duplicative of other bills from the State Treasurer.
	Shannon	Responds there is nothing to his knowledge, explains the bill was developed by the commission, the Treasurer's office has a representative on the commission, and the commission uses the staff of the State Treasurer's office. Adds that typically the State Treasurer's legislation focuses on the state matters and the commission's legislation focuses on local governments' matters.
	Chair	Asks Mr. Shannon if he would object to publishing a summary notice and

030	Strobeck	distributing the information electronically.
	Shannon	Comments Chair Strobeck may be speaking of the summary notice of sale, not redemption. It doesn't make sense for the local government to incur the cost to publish notice when they are required to give first-class mail notice to the individual or his/her representative, but to make electronic filing under the federal securities law.
047	Rep. Hill	Comments there is value in public notification on redemption.
	Shannon	Responds if there is a refinancing occurring, it will be part of the public process and there will be other public opportunities.
068	Rep. Hill	Comments he would want to err on the side of public information.
072	Rep. Hill	Comments he would like to better understand the ramifications of extending the ability to do finance agreements to non-elected positions, and believes there was a rationale in the construction of previous statutes.
085	Dick Townsend	League of Oregon Cities, testifies in support of HB 2181.
		* League has always respected, and wants to reserve the right of the individual through the initiative and referendum process.
		* There are times when, through a local legislative act, a contract has been made; this is a contractual obligation between the local government and the bond holder and when that contract or covenant on the issuance of the bonds has been made, the League thinks it should be observed.
		* Agrees the bill reinforces the constitution.
		* If a referendum should pass, the issue is always in the courts.
		* Five communities have some semblance of this issue before them: West Linn, Oregon City, City of Powers, City of Silverton, and Bandon, and in each case the circumstances and challenges are different
		Issues discussed:
		* HB 2181 is directed at the municipal level
153		* bond activity in communities
172		* process used by communities to issue bonds
196		* affect of COPs on taxing district without vote of the people
216	Townsend	Comments there are several mentions of Article XI, Section 11b and that the section is in the draft bill in House Revenue for repeal, and that may effect the final language of HB 2181.
234	Chair Strobeck	Comments other sections may also not exist after the May 20 election.
237	Chair Strobeck	Notes he has heard three concerns regarding HB 2181: initiatives, whether or not the notice provision should be changed, and tax authority of port districts.
239	Rep. Montgomery	Adds there is also the question of identification of municipalities.
	Chair	Declares meeting in recess at 2:23, reconvenes the meeting at 2:30 and

245	Strobeck	opens work session on HB 2074.
HB 2074 - WORK SESSION		
260	Chair Strobeck	Reminds the committee HB 2074 has been requested by the Oregon Liquor Control Commission, and reviews the testimony presented.
274	Rep. Gardner	Asks if the establishments with the Class A licenses may have a video poker machine.
	Pamela Erickson	Administrator, Oregon Liquor Control Commission (OLCC), responds she believes that is the case under the Lottery rules. Other classes of licensees would also be allowed to have lottery machines.
274	Rep. Gardner	Asks if there has been an increase in requests for Class A licenses.
	Erickson	Responds affirmatively and adds the reason may be nothing other than population and tourism increases.
309	Rep. Gardner	Asks how many establishments with licenses have video poker machines.
	Erickson	Responds they do not track the video poker machines.
321	Rep. Gardner	Asks how many licenses are currently available.
322	Erickson	Responds the agency gets new licenses each February because of the population increase; the increase this year was 22. Adds that currently, the agency has about 50 licenses available, about 50 requests for licenses under investigation, that approximately five licenses are turned back every month, and the agency does not project they will run out until September, but would like to have some leeway and a good cushion would help.
346	Rep. Montgomery	Asks if the agency receives enough in fees to cover the overhead for monitoring the stores.
349	Erickson	Responds they do not.
353	Rep. Montgomery	Comments if OLCC is privatized, the General Fund would have to supplement the program.
3582	Rep. Hill	Asks if the agency could recover the costs if the fees were raised.
360	Erickson	Comments she assumes the fees would have to be raised, but does not know what it would be to recover the costs.
365	Rep. Hill	Asks how many establishments requesting Class A licenses already have another class of license.
3703	Erickson	Responds there is a lot of movement from one type of license to another.
379	Rep. Hill	Suggests the Fiscal Statement (EXHIBIT C) is incorrect because it does not take into account the additional revenues from video poker.
395	Rep. Schrader	Asks what the definition is of a Class A license.

	Erickson	Explains the Class A licenses are the highest privilege and allows the establishment to serve beer, wine and hard liquor by the glass, and to have a separate bar.
400		Discussion continues on activities of establishments with liquor licenses.
TAPE 37, B		
002	Paul Schrader	Program Manager, OLCC, explains how the agency evaluates the establishments based on food sales.
020	Rep. Whelan	Asks how running out of licenses affects the issuance of licenses.
	Erickson	Responds it may increase the value of the business.
031	Rep. Gardner	Asks if the additional 200 licenses just means it will take a little longer for an applicant to get a license since one is available.
	Schrader	OLCC, explains because of increase in population and the different kind of operations, a greater number of outlets is required, and that commissioners do not issue licenses to less qualified applicants just because licenses are available.
042	Rep. Gardner	Asks if the commission looks at geographic areas and density compared to the population.
	Paul Schrader	Comments the agency has not done a perfected study but has looked at the issues and have seen on the coast there is a large number of outlets compared to the population, but it does not take into consideration the traveling population.
054	Chair Strobeck	Comments the agency is asking for an additional 200 licenses over the increase due to population, and notes the committee has an amendment to redefine how the population increase numbers are set (EXHIBIT D) .
	Erickson	Responds affirmatively.
064	Rep. Gardner	Asks if the commission has looked at the licensees that have liquor licenses and sell food to determine how many have video poker.
	Erickson	Responds they have not, but would expect the percentage to be very high.
075	Mike McCallum	Oregon Restaurant Association, comments that video poker machines are not limited to Class A licenses, and that the issue has little to do with how many video poker places are alive in Oregon; the vast amount of licensees with poker machines are Class RMB and Class R which have no quota or restrictions placed on them.
088	Rep. Hill	MOTION: Moves to ADOPT HB 2074--1 amendments dated 02/18/97.
088		VOTE: 7-0
	Chair	Hearing no objection, declares the motion CARRIED.
092	Rep. Hill	MOTION: Moves HB 2074 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5 - 1 - 1

092	Rep. Hill	AYE: 5 - NAY: 1 - Rep. Schrader EXCUSED: 1 - Rep. VanLeeuwen
	Chair	The motion CARRIES. REP. GARDNER will lead discussion on the floor.
098	Chair Strobeck	Adjourns meeting at 3:49 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2447, prepared statement, Dan Saltzman, 5 pp

B - HB 2181, prepared statement, James Shannon, 4 pp

C - HB 2074, Legislative Fiscal Statement, staff, 1 p

D - HB 2074, HB 2074-1 amendments, staff, 1 p