

HOUSE COMMITTEE ON GENERAL GOVERNMENT

**April 7, 1997 Hearing Room D**

**1:00 P.M. Tapes 67 - 68**

**MEMBERS PRESENT:**

**Rep. Ken Strobeck, Chair**

**Rep. Dan Gardner, Vice-Chair**

**Rep. Jim Hill**

**Rep. Bob Montgomery**

**Rep. Kurt Schrader**

**Rep. Liz VanLeeuwen**

**MEMBER EXCUSED:**

**Rep. Tom Whelan**

**STAFF PRESENT:**

**Jeri Chenelle, Administrator**

**Annetta Mullins, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 2646 - Work Session**

**SB 202A - Work Session**

**HB 2752 - Public Hearing and Work Session**

**HB 2663 - 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 67, A</b>		
003	Chair Strobeck	Calls meeting to order at 1:04 p.m. and opens work session on HB 2646.

<b><u>HB 2646 - WORK SESSION</u></b>		
004	Jeri Chenelle	Administrator, reviews provisions of HB 2646.
012	Philip Nyegaard	Public Utility Commission, testifies that the commission has concerns about the bill, but because language is permissive it is not worth spending a lot of time on it and does not object to the legislation going forward.
023	Chair Strobeck	Asked if commission believes there are efficiencies by passing the bill.
	Nyegaard	Responds affirmatively, and notes that the statutes of concern relate to consumer protection but the issues can be addressed by the PUC if the bill becomes law.
031	Chair Strobeck	Asks if there are electric utilities subject to PUC jurisdiction for securities approval which have their primary regulatory jurisdictions in other states.
	Nyegaard	Responds affirmatively and states Idaho Power is such a company
	Chair Strobeck	Advises that Idaho Power has sent a letter in support of HB 2646.
<b>039</b>	<b>Rep. Hill</b>	<b>MOTION: Moves HB 2646 to the floor with a DO PASS recommendation.</b>
<b>041</b>		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Rep. Whelan</b>
	<b>Chair</b>	<b>The motion CARRIES.</b>  <b>REP. STROBECK will lead discussion on the floor.</b>
047	Chair Strobeck	Closes work session on HB 2646 and opens work session on SB 202-A.
<b><u>HB 202 A - WORK SESSION</u></b>		
	Jeri Chenelle	Reviews provisions of the bill and the -2 amendments to clarify the notice of unclaimed accounts shall be published twice but not necessarily in two successive weeks ( <b>EXHIBIT F</b> ).
<b>058</b>	<b>Rep. Gardner</b>	<b>MOTION: Moves to ADOPT SB 202A-2 amendments dated 03/27/97.</b>
<b>060</b>		<b>VOTE: 6-0</b>  <b>EXCUSED: 1 - Rep. Whelan</b>
	<b>Chair</b>	<b>Hearing no objection, declares the motion CARRIED.</b>

062	Rep. Schrader	Comments he is concerned about taking out the mandatory charging for tracking down people; if the Division of State Lands is going to be doing the homework for private parties, perhaps we should not subsidize it.
067	Marcella Easley	Manager, Trust Property Section, Division of State Lands, explains the provision was removed because the state does not pay interest to the owners; the interest goes to the Common School Fund and the state makes money off that. Other states are unhappy with Oregon because Oregon has been doing that and it causes concern with reciprocity exchanges.
099	Chair Strobeck	Notes the language says "may" and asks if it would ever be the intent of the division to charge people for large claims.
	Easley	Responds that is the intent if a claim were to take a considerable amount of staff time, and sometimes the attorney general must review claims for certain problems or there should be a contested claim.
110	Rep. Gardner	<b>MOTION: Moves SB 202A to the floor with a DO PASS AS AMENDED recommendation.</b>
112		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Rep. Whelan</b>
	Chair	<b>The motion CARRIES.</b>  <b>REP. SCHRADER will lead discussion on the floor.</b>
	Chair Strobeck	Closes work session on SB 202A and opens the public hearing on HB 2752.
<b><u>HB 2752 - PUBLIC HEARING</u></b>		
	Jeri Chenelle	Administrator, reviews provisions of the bill and calls members attention to the Fiscal statement ( <b>EXHIBIT A</b> ).
130	Rep. Randall Edwards	Testifies in support of HB 2752:
		* has worked with local officials
		* was a 10-month project to put together a sounder budget policy law for local governments
		* establishes standard procedures for preparing budgets for local governments
		* outlines programs and services for local government
		* encourages citizen involvement in the budget process
		* has been endorsed by the League of Oregon Cities (LOC), Association of Oregon Counties (AOC), Oregon Department of

		Revenue, and cities and counties throughout the state
165	Art Keil	Oregon Municipal Finance Officers Association, testifies in support of HB 2752 ( <b>EXHIBIT B</b> ), submits resolutions/letters of support and explanation of the bill ( <b>EXHIBIT C</b> ), and introduces co-chairs of the work group, Kathy Tri and Lance Colley, and Ed Einowski, attorney with Stoel, Rives.
181	Kathy Tri	Finance Director, City of Newberg, testifies in support of HB 2752 ( <b>EXHIBIT D</b> ).
255	Lance Colley	Finance Director, City of Roseburg, reviews his professional background, and gives section-by-section review of HB 2752:
288		* Section 2 is currently in ORS 280; want to move the reserve language into ORS 294, have modified the provisions of reserve funds and are proposing to eliminate a required transfer back to the general fund at the end of 12 years, and provides for re-establishment of a reserve fund to include an allowance for the governing body to re-authorize reserve funds through 10 years to allow for an extension
317	Rep. Schrader	Asks if there is a stipulation of what the reserve funds can be used for.
322	Colley	Replies the moneys are required to be spent for the purpose the fund was established and must be re-authorized within 10 years.
326	Chair Strobeck	Asks if line 11 on page 1 is an expansion of authority that is in current law.
319	Ed Einowski	Attorney, Stoel, Rives, explains that Section 2 is a modified section that appears currently in Chapter 280, and that the bill would repeal the provision as it appears in ORS 280 and reenact it in slightly modified form as part of ORS 294. Adds that the work group could not figure out why it was in ORS 280 because it is a budget matter, and that the language in line 11 is in existing law.
357	Colley	Continues explanation of HB 2752:
		* Section 3 deals with accounting terminology; worked with members and national association to redefine statutory definitions to meet current account language
356	Chair Strobeck	Notes language on page 4, lines 25 through 32, and comments other bills considered by the committee also include electronic distribution, and asked if the work group discussed electronic distribution.
384	Tri	Responds there were numerous discussions about electronic media and a lot of concern about putting the language in HB 2752.
388	Colley	Adds that some concerns related to the key goal to communicate to the constituency and that not all have the technology; many communities are currently using some form of electronic communication but it is not required nor does it meet the standard tests. Adds there are some additions to publication definitions and proposal includes how to achieve notification later in the bill.
		Comments some communities are using electronic media, but this law

412	Tri	requires every citizen be notified and would not want to use it as the only means of communicating with the citizens.
<b>TAPE 68, A</b>		
002	Colley	Reviews language relating to bonds and other financial obligations (page 6 and Section 26 on page 19):
		* allows citizens to pay off bonds and other obligations early if a revenue stream occurs that was unanticipated at the time of passage of the budget; in most cases it would be cases of special assessments being paid off in advance. Explains that the municipality cannot, without a supplemental budget, prepay the bonds that are outstanding.
014	Rep. Schrader	Asks if all bonds are written to allow prepayment.
	Colley	Responds not all, but most allow prepayment.
025	Einowski	Explains that the property owner has the right to pay off a bancroft bond at any time, and that in structuring the bonds they build in a right that they can be prepaid at any time.
	Colley	Changes provide for consistency with definition changes (Sections 6 - 12).
030	Colley	Reviews Section 13:
		* page 9 relates to budget committees and governing body hearings and some of the notification requirements
		* explains current notification requirements
		* feels it is more important to give notice to the community in advance of the deliberative stage, and after forwarded to the city council or other governing body, one notice to provide for a public hearing would indicate the body has been through the deliberative process
050	Rep. VanLeeuwen	Comments she has a problem with one public notice on a major budget hearing.
	Colley	Responds they agree and that is why the notice of the deliberative stages be moved to the beginning of the process where people have an opportunity for input.
073	Tri	Adds that meeting notices fall under the open meeting laws and must comply, that the aim was to involve the public at the beginning of the process because budget committee members get frustrated when they have gone through hours of deliberations then the public comes in and wants to make changes; they want the public involvement at the front end of the process.
086	Chair Strobeck	Asks if they are required to give notice of the budget committee hearings.
	Einowski	Responds there would be one meeting only of the budget committee; it seems a bit much to do in one sitting and wants to make it clear the budget committee can meet a number of times; the notice requirement is on page 10.

088	Chair Strobeck	Asks if they are not now required to give notice when the budget committees are meeting.
090	Tri	Explains that currently they are required to give one notice for the budget committee hearing.
090	Einowski	Explains that one of the problems under the existing law is that only one notice is required and there could be one meeting only at which they would get the budget document for the first time, consider it, deliberate on it, take public testimony and approve it. Adds that the group wanted to make it clear the budget committee could meet a number of times, and that the notice requirements are at the top of page 10.
110	Colley	Comments that currently local budget law requires three notices, only one in advance of deliberation and two before the governing body hears it; they are already providing additional notice due to regular public meeting laws. Attempt is to take the three notices and use them to notify people up front.
	Chair Strobeck	Ask why the change on page 7 from 100,000 to 200,000.
119	Tri	Responds the statute was primarily written for Portland and the representatives on the committee wanted to keep it that way, so the population has been moved up to deal with that.
140	Colley	Reviews provisions for notices on page 10.
158	Rep. Hill	Asks why not say the body could give the budget message and take testimony which would be prior to stepping through the budget process.
171	Colley	Responds that most communities do it differently, adds that the goal was to allow people to know the body would be deliberating on a certain date and that the public would be invited to testify. Adds the goal of the rewrite is to get people there at the right time.
185	Rep. Schrader	Comments that the language on page 9 would preclude the budget being read and deliberated on the same day.
184	Colley	Responds there are cases where the jurisdiction can complete the process in one night.
199	Rep. VanLeeuwen	Asks if there is not a bill that says they did not have to print the entire budget.
202	Chair Strobeck	Notes that was his question earlier on the issuance of bonds and the publishing of the entire bond issue.
206	Colley	Further explains that many small jurisdictions have differences in timing, and the attempt was to have the notice given no more than 30 days or less than five days; they can still make the deadlines for by-weekly publications Adds that hand delivery or mailing of the notice is allowed and is intended for smaller jurisdictions.
219	Tri	Gives example of Lincoln County District where most property owners do not live in the district.

251	Colley	Explains that Section 20 on page 14 relates to error correction; it is a concern of many local governments. Adds that it requires governing body action to identify that an error was made but it also does not penalize local communities who have approved budgets and or bond levies or tax levies by not being able to collect.
277	Chair Strobeck	Asks if there is a threshold that if something is a significant difference it would require more notice and correction.
272	Einowski	Explains they did not want to let people circumvent the law, but they did want to let people correct errors, and did not know how to better pin it down.
2300	Rep. Schrader	Notes there could be a budget error and asked if it would be appropriate to have some wording limiting it to a five or 10 percent error.
310	Einowski	Gives example of error from \$100,000 to \$10,000; in that case the mil amount was correct, just the gross figure was computed incorrectly. Adds that current law says once the figure is published you cannot levy more.
332	Colley	Adds that the body would have to go back through the notice provisions and could not meet the notice requirements.
344	Rep. Schrader	Comments he believes the proposal is extremely good and believes the intent was to involve the public and build face with the public, but could see that lost with a drop of a zero.
355	Colley	Adds the only other way the group attempted to address it was that it would have to be in front of the governing body again at a meeting that would require notice for them to say there was an error, they are correcting it and the county would be notified in writing. Adds there is an additional provision that would require some public notice.
348	Chair Strobeck	Notes it is something the association could watch to see if a recommendation for change needs to be made.
	Tri	Adds that the Department of Revenue will be writing rules and the association will work with the department and will monitor it closely.
362	Rep. Hill	Comments he thinks the proposal is reasonable and does not believe inadvertent errors should shut down government and delivery of services.
387	Colley	Reviews Section 22, page 15.
		Reviews Section 25, page 17.
		* allows for expenditures in case of emergencies and disasters
<b>TAPE 67, B</b>		
021	Rep. Hill	Asks what they use as the definition of a disaster.
029	Colley	Comments it would not have to be declared by the governor; the group tried to outline what might qualify.
039	Einowski	Comments they struggled with the language because it was a question of how to allow people to do what everyone would agree is appropriate and yet not give them carte blanche; the language lists the reasons.

046		Adds that normally the governing body would have to authorize the expenditure of funds by ordinance or resolution and currently would require a separate budget; lines 23-28 gives the chief executive officer the authority to make decisions.
062	Rep. Hill	Asks if they would be opposed to follow-up language that says after an event occurs and someone exercises the authority, they must go through a process giving notice to the governing body it did occur.
073	Einowski	Responds line 26 says when the chief executive officer acts it has to be by written order; the intent is to make it a part of the public record. Adds there would be a requirement for follow through to given notice to the governing body.
082	Rep. Schrader	Comments on a situation in his district and adds he thinks the bill is pretty well worded.
089	Chair Strobeck	Comments it also goes well with HB 3680 relating to statewide coordination of all disaster and emergency services, and one of the provisions is to be able to set up an operational fund that can be immediately used in case of disasters.
091	Keil	Suggest the Department of Revenue might be willing to adopt rules to address Rep. Hill's question.
103	Colley	Reviews page 19 relating to bond issue information; it is coordinating provisions to allow prepayment of bonds if the bonds have the legal provision, when the funds are received and dedicated for that purpose.
111	Colley	Adds that other word changes are to provide consistency.
110	Rep. Hill	Asks what the repealed statutes do.
120	Einowski	Replies the provisions are currently in ORS 280 and have become Section 2 of this bill.
124	Chair Strobeck	Comments the committee has received written support from the Association of Oregon Counties.
129	Hasina Cassim	Special Districts Association, testifies that Special Districts had three or four representatives who worked on this legislation, and offers support from the Special Districts Association.
130	Dick Townsend	League of Oregon Cities, testifies in support of HB 2752:
		* has worked for the last 23 years in local government service and there have not been a lot of changes to the local budget law during that time
		* believes the finance officers have done an excellent job
		* included a lot of the interested parties
		* as practitioners, everyone appreciates their work and the bill.
141	Bob Cantine	Association of Oregon Counties, testifies in support of HB 2752:
		* budget law is very prescriptive
		* other states without such a law have had no more problems than Oregon



		* county finance people worked on the bill and did a very good job
		* law will be more efficient for county government, effective for public involvement, and it serves the public well
160	Gail Ryder	Oregon Newspaper Publisher Association(ONPA), testifies that ONPA will not oppose HB 2752:
		* the group did approach the ONPA and made it clear that the alternate route to publishing would only happen when it was in a very small jurisdiction
		* ONPA is uncomfortable there is no specific language on mailing and hand delivering notices
		* agrees they have done a fine job; the provisions of notice are expanded, and ONPA is here to make sure the citizens get the most notice they can
197	Chair Strobeck	Closes the public hearing and opens the work session on HB 2752.
<b><u>HB 2752 - WORK SESSION</u></b>		
198	Rep. Gardner	<b>MOTION: Moves HB 2752 to the floor with a DO PASS recommendation.</b>
201		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Rep. Whelan</b>
	Chair	<b>The motion CARRIES.</b>  <b>REP. STROBECK announces that the carrier will be announced later.</b>
	Chair Strobeck	Closes work session on HB 2752 and opens public hearing on HB 2663.
<b><u>HB 2663 - PUBLIC HEARING</u></b>		
205	Rep. Jim Hill	Testifies that HB 2663 came out of discussion with a local school district wanting the option to budget on a biennial basis; HB 2663 would give that option.
		* can save money in the second year
		* school district would like to look at opportunity to do it; they do not know what the impact would be
		* HB 2663 is permissive language

237	Rep. Montgomery	Comments if only half of the municipalities should choose to have a biennial budget, it would be difficult for the legislature.
252	Rep. Hill	Responds it would be a local choice and would have no impact on the legislative process. Adds there could be a problem if the legislature does not fund schools by June 30.
265	Courtney Wilton	Tax Supervising Commission, Multnomah County, testifies on HB 2663 outlining the positive and negative effects ( <b>EXHIBIT E</b> ).
300	Wilton	Continues presentation.
350	Wilton	Continues presentation.
386	Chair Strobeck	Suggests Rep. Hill ask the cities and counties to look at HB 2663 and give feed back, and to consider the amendments suggested by Mr. Wilton.
394	Chair Strobeck	Adjourns meeting at 2:24 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - HB 2752, Legislative Fiscal Statement, staff, 1 p**

**B - HB 2752, prepared statement, Art Keil, 2 pp**

**C - HB 2752, explanation of HB 2752 and letters/resolutions in support, Art Keil, 30 pp**

**D - HB 2752, prepared statement, Kathy Tri, 3 pp**

**E - HB 2663, prepared statement, Courtney Wilton, 4 pp**

**F - SB 202-A, SB 202-A2 amendments, staff, 1 p**