

PUBLIC HEARING :

HB 2332, HB 3396A, HB 2143A

TAPES 182, 183 A/B

HOUSE REVENUE COMMITTEE

MAY 23, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair (Arrived 9:00 a.m.)

Rep. Tony Corcoran

Rep. Randall Edwards (Arrived 9:05 a.m.)

Rep. Anitra Rasmussen (Arrived 9:00 a.m.)

Rep. Lane Shetterly

Rep. Mark Simmons (Arrived 9:05 a.m.)

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Leslie Lewis

WITNESSES PRESENT: Rep. Mike Lehman

Helen Scully, Coos Art Museum

Yvonne Addington, Regional Development Div. of Economic Development Department

Tom Linhares, Columbia County Assessor

Al Koski, Southern Oregon Regional Economic Development Inc.

Arthur Fish, Economic Development Department Enterprise Zone Specialist

Jim Santee, Astoria Chamber of Commerce

Rep. Carolyn Oakley District 36

Rep. Frank Shields, District 16

Mike Grainey, Oregon Department of Energy

STAFF PRESENT: Brian Reeder, Economist

Ed Waters, Economist

Barbara Guardino, Committee Assistant

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TAPE 182 SIDE A

Called meeting to order at 8:55 a.m.

009 Chair Brian

PUBLIC HEARING -- HB 2332

018 Rep. Lehman HB 2332 attempts to solve problem that occurred only in Coos County. Assessor does not recognize Coos Art Museum as tax exempt. As a result, museum had to transfer all its holdings to City of Coos Bay.

Refer to written testimony (EXHIBIT A)

038 Helen Scully Gave brief background on Coos Art Museum. Museum was not taxed until 1993, when Coos County assessed museum for \$95,751 in taxes. Museum turned over its entire collection and property to city. In addition, county assessed Coos Bay urban renewal district. The county is assessing the urban renewal district for 1997 for \$3,000 the museum's gift shop, which is a fund-raiser. Asked for tax exemption to solve these problems.

- 067 Rep. Shetterly Pointed out, revenue impact, exemption bill could cause other counties to assess back taxes on other art museums, reasoning that, if this bill exempts them, they must have been taxable before.
- 079 Scully Clarified, Coos County is going after urban renewal district for the City of Coos bay which owns the building.
Noted, assessor believes the small gift shop in museum creates an issue.
- 084 Rep. Lehman Bill would allow art museum to take back all its property.
- 104 All Questions and discussion concerning museum, gift shop.
- 121 Scully Museum is a non-profit charitable organization. It does not charge admission, but raises money through memberships.
- 140 Rep. Lehman Concerning issue of gift shop, does not want record to reflect that he thinks it might be excluded. Does not know impact of gift shop.
- 187 Rep. Shetterly Suggested look at statute language with respect to use of how other non-profits are treated.
- 190 All Questions and discussion concerning gift shop, where money goes.
Committee seems to have a consensus to help. Must make sure it does not create unintended consequences for other non-profits before passing bill.
- 206 Chair Brian
- 236 Chair Brian Closed public hearing on HB 2332.

PUBLIC HEARING -- HB 2143

- 251 Yvonne Addington Refer to written testimony (EXHIBITS B, C) "Line-By-Line Explanation of House Bill 2143A-Engrossed (1997); and "Policy Issues." Oregon Economic Development Department as requested amendments to enterprise zones. Explained purpose of enterprise zones - health, safety and welfare of public depends on expansion of employment. Some areas in the state need particular attention. Local control issue. Areas must meet certain requirements to qualify. Law allows 37 enterprise zones; there are 35. Economic Development Commission reviewed enterprise zones. Concluded they must be retained, but some changes need to be made. This is the reason for HB 2143.
- 330 Addington Three policy issues:
- 1) Expand maximum distance in rural enterprise zones to 15 square miles from 5 for the benefit of sparsely populated areas.
 - 2) No penalty for a business that fails to file on time one year.
 - 3) Provide that enterprise zones in newly designated areas will be able to have local exemptions for

tourism accommodations.

389 Tom Linhares Testified in favor exemption for enterprise zone program. Current statute in Columbia County specifies 12 mile limit between enterprise zones. County has applied for re-designation for two separate zones. HB 2143 would allow county to go back to a single zone. Less paperwork, cost effective.

TAPE 183 SIDE A

033 Rep. Corcoran Referred to HB 2143 A-Engrossed, page 4, line 6: Creating a new Subsection (9) that deals with hotel/motel or destination resorts. Asked why this is in the bill.

039 Addington Explained, Rep. Repine proposed this amendment. It allows enterprise zones to have tourism as a tax exclusion. Twenty six of the 35 enterprise zones have it, but that has been changed recently.

046 Al Koski Southern Oregon Regional Economic Development Inc. (SOREDI) is an economic development district for Jackson and Josephine counties. Requested Rep. Repine add this to bill because tourism is one of the area's three key industries. One objective in economic development plan is to diversify economy. Tourism is viable industry, and there are some tourist enterprises in the works.

Without this language, tourism is not permitted as a use in an enterprise zone.

074 Jim Santee Refer to "Proposed amendment to HB 2143" (EXHIBIT D): Astoria Area Enterprise Zone was approached by a firm that wants to put a significant investment in Clatsop County near James River area, which is in an enterprise zone. The enterprise zone is set to expire June 30, 1997. This could affect area's marketing program. Enterprise zone is split between two counties, and would like to combine two zones into one zone. Amendment is expected to be available in a week.

116 Linhares This enterprise zone extends from Rainier to James River Paper Mill. It exceeds 12 mile limit by miles. Because of expiration date, area had to make a decision about enterprise zone boundaries. Left James River outside enterprise zone as of June 30. Concentrating on two other prime sites.

141 Santee There is a second enterprise zone in Clatsop County, the Astoria Warrenton Enterprise Zone. It covers western Clatsop County. By extending it out beyond city limits, it could take over the James River area. County is planning a presentation to a large multi-national corporation this summer.

175 Rep. Corcoran Will support bill, but expressed concern about enterprise zone proposals, especially in area of tourism. These jobs don't pay family wages.

190 Chair Brian Committee will get back to this bill after some amendments are prepared.

201 Addington Amendments would not give retroactive status to enterprise zones that miss the deadline to re-apply. It would not penalize them for future years.

204 Art Fish Amendments are intended to provide them with the remainder of their tax exemption.

In future it would help if they missed the deadline.

PUBLIC HEARING -- HB 3396

- 231 Chair Brian HB 3396 has a projected fiscal impact of \$206,2500. May need to go to Ways and Means Committee.
- 236 Rep. Oakley Testified in support of HB 3396 which will provide a tax credit to individuals who own alternative fuel vehicles. Businesses who use three or more alternative fuel vehicles already get a tax credit, this bill would extend that opportunity to individuals and to businesses that use less than three alternative fuel vehicles. Urged committee to adopt tax credit.
- 256 Rep. Shields Addressed Chair Brian's concern that tax credit would be so large that Ways and Means would have to hear it. Believes the projected impact figure is larger than it really is. There are only 1,700 alternative fuel vehicles statewide. People must begin to move away from gasoline toward alternative fuels. Asked, if state cannot afford credits like this one, how can they afford them for business? Ex: Pollution control credit is \$10 million/year. This is a fraction of that amount.
- 284 Mike Graine Refer to written testimony, "Oregon Department of Energy" (EXHIBIT D) Supports HB 3396, encourages all alternative fuels. Likely to begin small, perhaps 50 to 100 cars per year. This is small attempt to encourage individuals to use alternative fuel vehicles.
- 300 Rep. Shields Imagine if some individual in every community had an electric car. Roll model for future. In addition, before too many people qualify for tax credits, it will be sunset.
- 320 Rep. Corcoran Supports all tax policy that encourages behavior. Expressed concern with issue of natural gas being put into vehicle at home, so how can it be determined what portion of natural gas is for home and what portion is paid for road tax.
- 330 Rep. Shields Noted, there is a fueling device that is part of this bill that calculates the road tax.
- 330 Rep. Shields Estimated there are 215 electric vehicles in the state; 6.1 million gasoline powered vehicles.
- 358 Chair Brian Committee will re-visit HB 3396 to discuss fiscal impact, then decide whether it needs a subsequent referral to Ways and Means.
- 412 Chair Brian Closed public hearing for HB 3396.
- 424 Chair Brian Adjourned meeting at 9:50 a.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. HB 2332, Scully, Coos Art Museum, 2 pp.

B. HB 2143, Addington, Line-By-Line Explanation of House Bill 2134 A-Engrossed (1998) Relating to Enterprise Zones, 10 pp.

C. HB 2143, Addington, House Bill 2134-A Policy Issues, 4 pp.

D. HB 2143, Santee, Proposed Amendment to House Bill 2143, 1 p.

E. HB 3396, Grainey, Oregon Department of Energy, 2 pp.

F. HB 3163, Novick, City of Redmond, Deschutes County, Oregon, 2 pp.

G. HB 2332, Reeder, Revenue Impact of Proposed Legislation, 1 p.

H. HB 2143, Simmons, FAX to Mark Simmons, 1 p.

I. HB 2143, Reeder, Revenue Impact of Proposed Legislation, 1 p.

J. HB 2143, Reeder, Staff Measure Summary, 1 p.

K. HB 2143, Reeder, No Fiscal Impact statement, 1 p.

L. HB 3396, Waters, Revenue Impact of Proposed Legislation, 1 p.

M. HB 3396, Waters, Staff Measure Summary, 1 p.

N. HB 3396, Waters, No Fiscal Impact statement, 1 p.

O. HB 2855, Revenue Impact of Proposed Legislation, 1 p.