

PUBLIC HEARING AND WORK

SESSION ON SB 286, 287, 686 TAPES 133 - 134 A/B

SENATE REVENUE COMMITTEE

MAY 1, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes (arrived at 9:07 a.m.)

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: Jerry Bieberle, Represents the Association of Community Development

Corporations

Barbara Clark, Portland City Auditor

Gary Blackmer, Multnomah County Auditor

Gary Hansen, Multnomah County Commissioner

Don McIntyre

Staff: Brian Reeder, Economist

Carol Phillips, Committee Assistant

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TAPE 133, SIDE A

005 Chair Baker Opened meeting at 9:04 a.m.

OPENED WORK SESSION ON SB 286 AND SB 287

015 Sen. Bryant Exhibit A - (-2) Amendments to SB 286. After last meeting met with Dexter Johnson in Legislative Counsel and explained to him the concern about being able to deed over a piece of property which has been paid for by a non-profit foundation. Current law allows transfers to non-profits that provide certain low income or social services, but does not define what social services are. The (-2) Amendments provides a definition for a qualifying non-profit corporation and also for social services.

030 Sen. Bryant Wording in the bill provides that the granting political subdivision would have a reversionary clause. This change was made for two reasons: One, the organization might not want the property back; and two, the non-profit may have located another piece of property they would rather have and thus sell or exchange the original piece of property.

043 Chair Baker Offered a third reason: An entity may have a vacant piece of property and the non-profit may want to build a ten-story low income apartment building and put several million dollars into it, but their banker may say the bank does not want to have a reversionary interest in the property.

050 Sen. Bryant The bill says a subdivision may waive the subdivision's right to a reversionary interest at the time the property is conveyed. Sen. Bryant feels that is too limiting. The entity may want to waive that right sooner if they wanted to refinance the project and the bank says they will do it but the bank does not want the reversionary interest. The entity could then go to the political subdivision at that time and ask them to waive reversionary interest in order for the entity to get the financing. Would like to change (-2) Amendments page 2 line 3 to say, "The granting political subdivision may waive the subdivision's right to a reversionary interest" and omit the rest of the line.

061 Chair Baker Asked Sen. Bryant if this change takes care of the concern Sen. Bryant had on 4/25/97 when SB 286 was before the Committee.

061 Sen. Bryant Stated it did.

063 Jerry Bieberle The concern the Association of Community Development Corporations has is in the existing statutes. When SB 286 was being drafted there was a question on whether to use the word "public" in place of "commercial". The existing statutes state a jurisdiction can provide foreclosed property for defined purposes (housing, social services, child care). There have been occasions where a jurisdiction wanted to give a community development corporation a piece of property in which housing was on the second floor but the lower floor was retail space. Under statute, the property could be given, but the lower floor

could be used for nothing but social services, housing, or child care, so it did not work because what was intended was to get a business to come into the space. Afraid that in trying to expand the statute the original intent will be lost.

083 Sen. Bryant Intent in the (-2) was not to change that purpose. Has no objection to adding lines 24, 25, and 26 back into the bill. It was recommended by Legislative Counsel that "public" would be a better word than "commercial" in this instance.

111 Chair Baker Proposes adoption of (-2), page 2 line 4 strike wording "at the time the property is conveyed", then in original bill propose that bolded words be reinstated. Also change "commercial" to "public" on line 26 of the bill.

130 Chair Baker MOVES ADOPTION OF (-2) AMENDMENTS TO SB 286 AS AMENDED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

134 Chair Baker MOVES TO REINSTATE LANGUAGE ON LINES 24, 25, AND 26 OF THE BILL WHICH IS BOLDED, AND CHANGE ON LINE 26 WORD FROM "COMMERCIAL" TO "PUBLIC". HEARING NO OBJECTION, THE CHAIR SO ORDERED.

MOVES SB 286 AS AMENDED TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

144 Sen. Bryant ROLL CALL VOTE: MOTION PASSES: 6 - 0 - 0

SENATORS VOTING AYE: DUKES, DUNCAN, HARTUNG, LEONARD, BRYANT, BAKER.

Sen. Bryant will carry the bill on the Senate Floor.

MOVES SB 287 TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

157 Chair Baker ROLL CALL VOTE: MOTION PASSES: 6 - 0 - 0

SENATORS VOTING AYE: DUKES, DUNCAN, HARTUNG, LEONARD, BRYANT, BAKER.

Sen. Bryant will carry the bill on the Senate Floor.

CLOSED WORK SESSION ON SB 286 AND SB 287

OPENED PUBLIC HEARING ON SB 686

- 173 Barbara Clark Feels that other testimony will bring out the many reasons to support SB 686 without amendments and would like to address the question of whether the activities of the Tax Supervising and Conservation Commission ("TSCC") duplicate the oversight her office does.
- 183 Chair Baker The original bill addressed the issues of should the political subdivisions pay for TSCC proportionately rather than all Multnomah County, and why should it exist at all.
- 193 Clark Feels TSCC does perform a valuable function, which is a different one from hers. TSCC looks at the whole county-wide tax situation taking in the city, the county, the school districts, the drainage districts, the port, etc. No other entity looks at local taxation from viewpoint of citizens.
- 201 Chair Baker Asked why those entities cannot audit themselves.
- 206 Clark Purpose of TSCC audits is to study those entities within their boundaries. Does not go into issue of what have citizens paid for compared with what they received. Clark can do that for the City of Portland and have had a ten-year crusade to do that, but her authority stops at city limits. Good to have one entity that looks at the Metro area as a whole. Would like to see TSCC expanded to oversee all Metro citizens. Feels it would be worth discussing different ways to pay for the service, and even different places to locate TSCC activities. Would like issue to be left alone until next biennium to give all parties time to study situation with dialogue and careful thought. Clark's audit budget is \$750,000 annually.
- 241 Gary Blackmer Spoke about newspaper article from the 1930s he recently saw regarding TSCC. West Hills parents wanted a new Lincoln High School with an athletic field (the original high school was 20 years old by that time). The parents got the school board to begin putting a measure together to have voters approve a bond to build a new Lincoln High School. TSCC stepped in and said "Not during the depression." What TSCC provides is better compliance with Oregon budget law. Blackmer's budget is \$600,000.
- 267 Chair Baker Asked what value taxpayers receive if auditors have to have someone else looking over their shoulders confirming if they as auditors were doing their jobs or not.
- 268 Clark Her office focuses on how can city deliver services better, but cannot study other government entities.
- 278 Chair Baker Asked Blackmer why he needs someone (TSCC) looking over his shoulder other than taxpayers?
- Stated TSCC is not just looking over his shoulder but over all government agencies'

279 Blackmer shoulders whether they are school districts, water districts, etc. Oregon statutes require citizen involvement in auditing.

281 Chair Baker Asked again why do we need two different auditors or agencies doing exactly the same job?

285 Blackmer Stated his charter says he can audit county operations. Charter does not say he can examine the finances of fire districts, or water districts, or small cities.

288 Chair Baker Stated Blackmer performs a job for the county, and Blackmer is responsible to the taxpayers, so why should the state fund another entity to duplicate Blackmer's job?

292 Blackmer Replied there are two primary reasons: The budgetary process under Oregon statutes requires citizen involvement to the point of having five citizens appointed to the Budget Committee to make decisions every year on the budget. Does not believe the county budget is less complex than state budget. Putting citizens into that role puts them in a position where they have to make decisions that are complex, and it takes them a few years to learn it.

289 Chair Baker Asked what the other 35 counties in Oregon do.

305 Blackmer Answered they all have citizens on their committees.

307 Chair Baker Asked if they all perform this function, is Blackmer saying that citizens in Multnomah County do not have the skills to do the job, but Blackmer does?

309 Blackmer Stated again Multnomah County has a very complex budget and that the County finds it of value to have commissioners who have been working on the budget for a number of years. There is a citizen involvement process and an independent citizen budget advisory committee that spends months becoming involved. If TSCC were to be abolished, budgets would have to be published in the newspaper and the type size would be so small that no one could read it. Does not know if citizens would read it if it were so small.

333 Sen. Dukes Said there would be no question that people would read it. People from TSCC were here the other day and did not seem too concerned about abolishing TSCC and is surprised by Clark's and Blackmer's adamant position to keep it. Asked if she understood correctly that that if Clark and/or Blackmer broadened out their jobs, did performance auditing as well as financial auditing, published the budget in the newspaper, and brought more citizens into the budgeting process they could accomplish the same results?

Answered that he does performance auditing, not financial auditing in his office for Multnomah County. But, yes that is correct. However, it would tend to delay by several months the budget process in terms of educating citizens on all the county's programs

- 345 Blackmer and would end up producing a newspaper document that people would wonder what was going to be slipped past them because it would be too complex for ordinary people to understand. Feels their 500 page budget document is very clear and explains how the county operates.
- 362 Sen. Dukes Believes Blackmer may be underestimating the public. Sen. Dukes spent four years on a budget committee and knows first-hand how citizens became involved in reading, asking questions, and understanding.
- 370 Blackmer Stated there are plenty of avenues for citizen involvement and is not trying to close any of them off. They are mostly in advisory capacities, but there are five citizens in decision making roles.
- 390 Sen. Duncan Asked why the state is getting involved in a county matter.
- 410 Sen. Leonard Stated there is a statute which requires citizens to be on the budget committee in other counties.
- 433 Chair Baker Asked if Multnomah County had to pay for it, would the County still want it?
- 434 Sen. Leonard What has been frustrating for him is that, with the passage of Measure 47, when there are fewer resources, people build up walls around their own "fiefdom" in an attempt to keep their own funding but point at other areas that should be cut. Not that TSCC does not perform a valuable service, but Sen. Leonard looks at the \$230,000 annual cost as being better spent in keeping a library open. Or is it more important to fund four more deputy sheriffs in Multnomah County? It is all a matter of priorities, but that aspect has not come into this discussion. The question is whether or not TSCC is doing a good job. Believes they perform a good service, but is it worth \$230,000 versus four deputy sheriffs?

TAPE 134, SIDE A

- 033 Chair Baker Asked why should the state mandate some services in one area, and none in another? If an entity provides a valuable service, it would continue to be funded; but why should the state mandate that it be done?
- 037 Blackmer Stated he understands that the statute does not prevent any other counties from having their own taxation supervision and conservation commissions as a way to streamline their budget processes. Only Multnomah County is required by statute to have one.
- 053 Sen. Dukes Asked what the difference was between an elected official and a bureaucrat.
- 054 Clark Feels a bureaucrat is a person who has a career of working in government and is paid for it. An elected official is paid or unpaid and is there to bridge between the paid career

bureaucracy and citizens.

068 Gary Hansen At meeting today carrying official informal Multnomah County position on this matter. Would like TSCC to remain intact. Would like to see funding spread over all the governments in the county. But since there has not been time to consult with all of them yet, it might be better at this point for the county to continue to absorb cost. Board feels TSCC provides valuable services to the county. TSCC streamlines the county's budget process.

087 Hansen Hansen has been a local elected official for 15 budget years. Was on Metro Council for 8 years before elected County Commissioner. The major governments in Multnomah County are very complex, cover many different subject areas, and cover many different facilities. To ask a citizen to put the required time in to get up to speed on the range of things the county oversees at multiple sites takes a tremendous level of citizen involvement to get them to a point where they can make quality decisions.

122 Hansen Multnomah County has a great deal of citizen involvement at different levels. Appreciates the fact that this has been brought up. Making the issue optional for Multnomah County could be of benefit.

128 Chair Baker Asked Hansen to poll the county to determine support for that idea.

132 Hansen In the last few weeks has heard of a lot of support from several of the local governments, but there has been no opportunity to talk about a funding mechanism as yet. Want to work in a partnership with the other local governments to make sure efforts are coordinated before proceeding.

150 Don McIntyre McIntyre feels that the political intent behind the amendment to SB 686 is to eviscerate it. An amendment is coming which would revert control of funding back to the county. The reason TSCC exists, and the reason some politicians do not like TSCC, is because it provides information about government that is clear, concise, and that taxpayers can understand.

163 McIntyre The amount of money as a portion of the county budget that TSCC takes up is 1/1500 of 1% of the whole budget. The idea that TSCC may be eliminated is something that should be put on hold. TSCC personnel have not had a raise in eight years, they do a fabulous job, and just about every elected official loves the work TSCC does. It would be a disaster if TSCC is eliminated.

180 Sen. Leonard No one has contacted him with a dark motive to eliminate TSCC. Sen. Leonard's opinion was to free up \$230,000 to keep a library open or provide four more deputy sheriffs, etc. Feels that the existing auditors using the same resources they have now produce the same kind of document produced now at a saving to the county of \$230,00 and can eliminate TSCC. He understands arguments for keeping TSCC in place,

however.

205 Chair Baker The questions also is, is there a duplication of services? If there is, then the county auditors and others need to go away.

207 McIntyre What the Committee calls a duplication or redundancy, is actually providing a fail-safe system for taxpayers' understanding of the way their money is being spent. Asked that the Committee not move on this amendment this session, but wait until next session. Give them in Multnomah County time to determine a way to make sure Multnomah County TSCC exists rather than have the legislature put them out of business.

216 Sen. Leonard Finds it interesting that McIntyre finds this duplication of services okay when he is so adamantly against other duplications of services.

217 McIntyre Stated it is a safety net for those who want to keep an eye on government.

221 Sen. Dukes Asked McIntyre if it bothers him that the people before the Committee today talking about saving TSCC have intimated that it is too difficult and time consuming to educate the public to serve on a budget committee in Multnomah County.

226 McIntyre Said he does not understand the question.

227 Sen. Dukes Said that the other 35 counties in Oregon have budget committees. People speaking today have said that for Multnomah County to give up TSCC and go to a budget committee which would bring citizens into the decision-making process as opposed to an advisory capacity would be too time consuming and take too long.

234 McIntyre Stated that the compiled budget book contains budgets of all the many jurisdictions in the county, and there is no way to assemble that data for any citizen to understand. TSCC has citizen involvement on their board. The reason he feels this is all politics is that there used to be a mandate that if a county was 300,00 in size it would have a TSCC. Lane County saw it coming and two sessions ago raised the limit to 500,000 and made sure Lane County would not have one. The bureaucracy fears organizations like TSCC because it shines light on budgets they would rather not have people understand.

265 Hansen Stated the Committee may have seen history in this room today with Mr. McIntyre and Mr. Hansen in basic agreement on an issue and with McIntyre advocating increased spending on a government entity.

270 Chair Baker Adjourned meeting at 9:00 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 286, Reeder, (-2) Amendments, (DJ/ps) 4/29/97, 2 pages

B. SB 686, Burton, Written testimony dated 4/30/97, 1 page

C. SB 686, Pokorny, Written testimony dated 5/1/97, 1 page

D. SB 686, Dennehy, Written testimony dated 4/30/97, 1 page

E. SB 686, Wall, Written testimony dated 4/29/97, 1 page

F. SB 686, McRobert, Written testimony dated 4/21/97, 2 pages

G. SB 686, Blackmer, Written testimony dated 5/1/97, 1 page

H. SB 686, Blackmer, Multnomah County Auditor's Office Report on Office Results, 40 pages