

PUBLIC HEARING AND WORK

SESSION ON SB 1103 & SB 1056 TAPES 147 - 148 A/B

SENATE REVENUE COMMITTEE

MAY 12, 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

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: James Hamrick, Deputy State Historic Preservation Officer

Ted Schneider, Chairman, Historic Assessment Review Committee

Tom Sjostrom, Morgan Park Properties

Carole Samuels, League of Oregon Cities

Gil Riddell, Association of Oregon Counties

Tom Linhares, Oregon State Association of County Assessors

Bonnie Hull, Chair of Salem Landmarks Advisory Commission

Rep. Peter Courtney, District 33, Salem

Andy Clark, Office of the Chancellor, Oregon State System of

Higher Education

Stacy Chamberlain, Legislative Aide to Sen. Leonard

Staff: Brian Reeder, Economist

Richard Yates, Economist

Carol Phillips, Committee Assistant

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TAPE 147, SIDE A

005 Chair Baker Opened meeting at 9:05 a.m.

OPENED PUBLIC HEARING ON SB 1103

021 James Hamrick Exhibit B - Written testimony. Is representing Oregon Parks and Recreation Department's position on SB 1103. Read selected parts of written testimony. Discussed Exhibit C - Written testimony.

101 Ted Schneider Exhibit D - Read written testimony.

167 Chair Baker Thought this bill was closer to being finished than it is. Sen. Dukes and he will meet later this week to work the bill. Apparently there are still some issues that need addressing. Asked Mr. Schneider if he could summarize the remainder of this testimony due to time constraints.

175 Schneider Continued comments. His opinion is there is no compelling reason to change the Historic Assessment Review Committee ("HARC") in that it serves the public interest well, the Committee works well with the State Historic Preservation Office ("SHPO") staff, and thinks the applications and resulting improvements are better for it. Urges the retention of public viewing provision for the historic homes, and the funds raised will go to saving street trees. Agrees with SHPO that a dollar amount is somewhat arbitrary. Emphasis should be placed on the quality of improvements which need to be made rather than spending minimum allowable just to get the tax benefit.

190 Chair Baker Asked how much the tickets cost for the historic homes tour 5/11/97.

191 Schneider Answered that a non-profit group called "Save Our Elms" sponsored the tour. The funds will be used to save street elms, but homes could be toured without buying a ticket.

- 197 John Tess Exhibit E - Written testimony and Exhibit F - Written testimony. Agrees that open house provision should be left in bill.
- 208 John Sjostrom Exhibit G - Written testimony. Believes significant aspects of the bill are the change in the HARC to a review body and that maintenance be included in requirement for the credit. Will wait for a Work Session to address the issue further.
- 219 Sen. Leonard Asked Mr. Schneider if there was justification for condominiums ("condos") to have second 15-year tax abatement.
- 223 Schneider Answered that in his brief experience on the HARC condos have had a floating relationship with all other properties either commercial or residential. Feels that converting to condos has saved some important buildings, so that is a compelling argument to support the second 15-year tax credit. However, they are considered residential so there may be a question of extending that benefit to other residential properties to other residential properties as well. Current law does not extend a second 15-year tax abatement.
- 245 Tess Has sat on Seismic Task Force for City of Portland and State of Oregon for several years. It came to light that many conversions which have occurred are unreinforced masonry buildings which will eventually be required to have seismic upgrades. May want to extend second 15-year tax abatement to those condo owners because of costly seismic upgrades that must be done. Would require that everyone in condo association must agree to the seismic upgrade, which require gutting a building and rebuilding from there.
- 263 Sen. Leonard Said there are many unreinforced masonry buildings in Portland that enjoy no funding assistance for seismic upgrades. Why should condos be funded?
- 266 Tess Responded that in terms of some of the other buildings, the extended 15-year tax abatement for historic commercial buildings addresses seismic upgrades, Americans With Disabilities Act ("ADA") upgrades, and energy efficiency. If there is no tax incentive, many historic buildings will be torn down rather than upgraded. Single-family residential are not required to upgrade for seismic, but multi-family are. Questions and discussion.
- 346 Carole Samuels Believes program is working fine and that changes suggested by the bill are either unnecessary or premature. In particular wants to draw attention to shift that Measure 47 and Measure 50 has made to property tax system. Every new or expanded exemption now means a direct revenue loss for local government. Believes premature to remove the sunset provision. Thinks elimination of HARC in all but the appeal process is a bad idea. Does not believe investment of \$5,000 is enough to qualify because it is hard to do much with a figure that small. When a public subsidy is provided to properties, a significant investment should, in fact, be significant.

400 Gil Riddell Stated that the Association of Oregon Counties supports the position of the League of Oregon Cities. Would simply add, "Do not fix what is not broken."

407 Tom Linhares Stated that their biggest concern is when a second 15-year period is granted for seismic or ADA rehabilitation there seems to be misunderstanding as to what value is used for the frozen value for the second 15-year period. That question can be discussed and clarified at a later Work Session. Legislative Counsel will have input at that time. Questions and discussion.

TAPE 148, SIDE A

045 Bonnie Hull Opposed to deletion of Open House aspect of the bill.

CLOSED PUBLIC HEARING ON SB 1103

OPENED PUBLIC HEARING ON SB 1056

059 Sen. Leonard Exhibit I - Read written testimony from University of Oregon in which they state they now have no objection to the bill.

093 Peter Courtney Stated he was one of two chief architects of the Sports Action Lottery program which was devised as a way to get money for athletics for Oregon's colleges and universities. As originally set up, University of Oregon and Oregon State would each get 33 1/3%, the four colleges (now universities) would get 5% each, and anything that was left over would go to Portland State, about 13%. At the time John Kitzhaber was President of the Senate and Vera Katz was Speaker of the House.

156 Sen. Leonard Said it sounded like the small colleges had an able advocate in Rep. Courtney, and U of O and Oregon State had able advocates, but asked who was speaking for Portland State?

159 Rep. Courtney Replied, "Nobody." Thinks SB 1056 is a more fair and accurate way to fund athletics, but does not know how FTE-based funding will affect the schools. Cannot defend what Dix and Rep. Courtney did years ago, although at the time it seemed adequate.

207 Sen. Dukes Said she seems to recall that the Sports Action Lottery bill had a lot of problems getting through the session, but basically was successful because a lot of alumni from U of O and Oregon State lobbied hard.

214 Rep. Courtney Added that the Commissioner of the National Football League came to Salem and was furious with the bill. The Commissioner wanted the bill stopped because it involved gambling and the NFL. The situation created national notoriety and was a big deal. The NFL threatened that Portland would never get a football franchise if the bill passed. The bill finally passed at 2:00 a.m. one morning.

- 243 Sen. Bryant Stated that on the gender issue it is more fair to go with FTE because it recognizes the numbers of female students as a whole, not just female student athletes. Questions and discussion.
- 286 Andy Clark Exhibit J - (-2) Amendments. The (-2) would direct the Oregon State System of Higher Education to convene a working group for the purpose of studying the allocation formula within the Sports Action Lottery program. In Clark's previous testimony he stated that the original formula was adopted by OSSHE in June 1990 and deliberated for nine months before establishing the formula. Believes for sake of precedent the issue should be studied at great length before making a decision.
- 303 Chair Baker Confirmed that OSHHE has not changed the formula in seven years and that the formula has not been debated in that time.
- 308 Clark Stated that in his four years with OSHHE he has not heard from anyone that there was anything wrong with the Sports Action Lottery formula. The Chancellor has met with a representative from Portland State about the formula, however the Chancellor made it clear to Clark the Chancellor cannot go over a college president's head regarding an issue like this.
- 323 Sen. Dukes Asked Clark what it would cost to set up an advisory committee to debate this issue and study this at length?
- 326 Clark Stated he did not know but that several working groups are formed yearly to discuss different issues.
- 334 Chair Baker Asked the Committee if they wanted to defer this issue for two years so the Chancellor's office could study it? The consensus was, "No".
- 335 Sen. Hartung Suggested all the Sports Action Lottery revenue should go to the Education Endowment Fund where other lottery money goes. Those funds could be given to scholarships for all students at all seven institutions.
- 345 Chair Baker Said that does not address the original issue of women's athletics.
- 356 Sen. Bryant Stated the problem with that idea is it would leave holes in all the schools' athletic budgets, and unless Ways and Means made up the difference it would seriously affect all athletics at all the schools.
- 365 Chair Baker Said he was not inclined to do that.

OPENED WORK SESSION ON SB 1056

370 Sen. Leonard MOVES SB 1056 TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

379 Various Questions and discussion.

TAPE 147, SIDE B

033 Stacy Chamberlain Discussed (-1) Amendments previously presented.

036 Sen. Bryant Asked if it was possible to limit the definition of FTE to undergraduate students only.

043 Sen. Dukes Asked if masters and doctoral students are eligible to participate in sports.

050 Sen. Leonard Added that all but doctoral students are eligible to participate. This is a definition adopted by OSHHE.

058 Chair Baker Said he would like to keep masters and doctoral students in because the sizes of student populations would vary dramatically if those students were omitted.

WITHDRAWS MOTION TO MOVE SB 1056 TO THE SENATE FLOOR.

061 Sen. Leonard

MOVES (-1) AMENDMENTS TO SB 1056 BE ADOPTED.

Chair Baker HEARING NO OBJECTION, THE CHAIR SO ORDERED.

MOVES SB 1056 AS AMENDED TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

Sen. Leonard ROLL CALL VOTE: MOTION PASSES: 5 - 1 - 0

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

SENATOR VOTING NO: HARTUNG

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

071 Chair Baker Adjourned meeting at 10:06 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. SB 1103, Reeder, Fiscal Impact Statement, 1 page
- B. SB 1103, Hamrick, Written testimony dated 5/12/97, 10 pages
- C. SB 1103, Strand, Written testimony dated 5/7/97, 6 pages
- D. SB 1103, Schneider, Written testimony dated 5/12/97, 8 pages
- E. SB 1103, Tess, Written testimony undated, 1 page
- F. SB 1103, Tess, Written testimony undated, 1 page
- G. SB 1103, Sjostrom, Written testimony dated 5/12/97, 2 pages
- H. SB 1103, Ebner, Written testimony dated 5/9/97, 1 page
- I. SB 1056, Bailey, Written testimony dated 5/6/97, 1 page
- J. SB 1056, Clark, (-2) Amendments (JB/ps) 5/12/97, 2 pages