

INFORMATIONAL AND PUBLIC HEARING ON HB 3163

PUBLIC HEARING AND WORK

SESSION ON HB 3710

PUBLIC HEARING AND WORK

SESSION ON HB 2192A, HB 2332A

HB 2134A, HJR 72A, HB 2403B,

WORK SESSION ON HB 2585A

TAPES 195-196 A/B, 197-198 A/B,

199-200 A/B

**SENATE REVENUE COMMITTEE**

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**JUNE 13, 1997 - 8:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING**

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Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: Chuck Bennett, Oregon Aviation Coalition

Roger Martin, Represents Alaska Airlines

Jerry Hanson, Washington County Assessor

Joan Robinson, Legislative Counsel

Grace Crunican, Director, Oregon Department of Transportation

Bill Penhollow, Association of Oregon Counties

Rep. Peter Courtney, District 33, Salem

Rep. Bill Markham, District 46, Riddle

Rep. Tim Josi, District 2, Bay City

Rep. Jackie Taylor, District 1, Astoria

John Young, Superintendent, Northwest Regional ESD

Harold Riggins, Superintendent, Seaside School District

Len Carpenter, Superintendent, Astoria School District

Sen. Bob Kintigh, District 22, Springfield

Gary Conkling, Represents Cole Family in Eugene

Rep. Mike Lehman, District 47, Coos Bay

Steve Jacky, Oregon Department of Forestry

Mazen Malik, Economist, Oregon Department of Transportation

John Merress, ODOT

Greg DelPonte, Mgr, Motor Carrier Transportation Branch, ODOT

Betsy Earls, Associated Oregon Industries

Lanny Gower, Consolidated Freightways

Dave Behrenberg, League of Oregon Cities

Mike Sherlock, Oregon Traffic Safety Association

Staff: Jim Scherzinger, Legislative Revenue Officer

Richard Yates, Economist

Steve Meyer, Economist

Brian Reeder, Economist

Carol Phillips, Committee Assistant

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**TAPE 195, SIDE A**

005 Chair Baker Opened meeting at 8:33 a.m.

OPENED INFORMATIONAL HEARING ON HB 3163

018 Chuck Bennett Brought SB 438 to Senate Transportation Committee (which will appear before this committee as HB 3163) which allows current aeronautics section of Oregon Department of Transportation ("ODOT") to become Oregon Department of Aviation. Reason for change was determination of Aviation Advisory Committee (appointed by ODOT to advise on aviation matters) that the bill was needed to provide more efficient administration and save money. Found in fiscal analysis there would be a saving of \$160,000 per biennium, which for a small agency is a significant amount. Administrative impact of being part of ODOT which is an extraordinarily large agency devoted mainly toward highways. Aside from opposition from ODOT have not had any significant opposition.

061 Bennett Referred to Senate Amendments to B-Engrossed House Bill 3163. Discussed section on fuel taxes.

091 Chair Baker Asked Bennett to stick to policy and not get so involved in numbers at this point for the sake of brevity. The issue is whether this should be a stand-alone agency within Oregon.

100 Bennett The bill would have the Governor create a commission to oversee this agency. There is some question on who would serve on that commission and whether or not general aviation would dominate the aviation industry in this state. Anticipates the Governor will appoint a mix of representatives to serve on the commission and the Senate to review it based on whatever criteria necessary. The Port of Portland is neutral on this issue and have no opinion as to if the agency should be separate or not.

121 Roger Martin Has served on Aviation Alliance. Tried to stay out of this issue because airline industry is not much involved with the Aviation Department. Do not have any strong feelings about this bill. Their dealings are with Port of Portland and other airports they fly into. Airlines would be the main source of revenue, but the Aviation Department would be of interest mostly to private pilots. Has been dealing with jet fuel tax for ten years, and strongest proponents of increasing the jet fuel tax are private pilots because they don't have to pay it. Standing alone, the airlines will fight increase in jet fuel tax. However, if contained in an overall transportation package, they will not fight it. Port of Portland collects over 90% of all jet fuel taxes. Made it clear airline industry does not have strong opinion. Getting along just fine with Grace Crunican and have no desire to change. Questions and

discussion interspersed.

## CLOSED INFORMATIONAL HEARING ON HB 3163

### OPENED WORK SESSION ON HB 3710

266 Scherzinger Said HB 3710 as it came from the House contains the first year distribution formula for Measure 50. The first year distribution formula is also used to calculate the Permanent Rates of the taxing districts. Referred to Exhibit B - Revenue Impact Statement. It calculates 17% statewide tax reduction on virtually all operating levies by imposing a Supplemental Reduction of 1.4% on all taxing districts.. It also distributes Measure 50 tax cuts. It applies \$5 school rate limits and \$10 non-school limits on a property-by-property basis rather than by code area. It freezes maximum assessed value growth if assessed value falls below maximum. It prohibits assessor from revaluing property before applying Measure 50 value limit. Exempts up to \$10,000 of minor construction from triggering higher taxes due to construction. Specifies information that must appear on property tax election ballots, including red letters on mail ballots on local option levies. Questions and discussion.

53 Scherzinger Discussed Exhibit D - (-A25) Amendments to HB 3710. Are a combination of discussion of same policy issues on SB 1215, in addition to some technical fixes. No changes on first two pages. Page 3 indicates using real market value of property for Urban Renewal purposes. Page 4 adds subsection (c) removing offsets from initial calculation of Measure 5. This bill determines rates but does not actually impose taxes; SB 1215 does impose taxes. Questions and discussion interspersed.

### TAPE 196, SIDE A

035 Scherzinger Continued discussion of changes. Page 1 line 12 which corrects calculation of gap bonds. Lines 20 through 24 of page 1 is a technical correction in the calculation of taxes imposed under Measure 47 simulation on new property. Existing language does not work.

117 Scherzinger Subsection 10 (page 2 line 3) is rewritten to clarify which taxes are used to determine the gap. Page 7 of the bill is deleted and inserts entire Section 8 starting on page 2 line 13 of Exhibit D. Net effect is to remove Supplemental Reduction. Questions and discussion interspersed.

200 Scherzinger Examples of non-reduceable levies are those that support hospitals, 100% levies approved by double majority for tax years 1996-97 and 1997-98, Portland police and fire, and non-bonded debt portion of Urban Renewal levies are exempt from 17% reduction. Questions and discussion interspersed.

Page 3 of Exhibit D Section 11 refers to code area and is replaced in the bill. Page 5 Exhibit D Section 12 refers to minor construction, the value of which does not exceed

283 Scherzinger \$25,000 for cumulative additions made over five assessment years and does not increase square footage of real property improvements. Page 5 Exhibit D Section 13a refers to maximum assessed growth at 3% per year. Page 6 Exhibit D beginning on line 8 refers to the fact that if tax increase is on ballot, lettering on vote-by-mail envelope must indicate that in red letters. Questions and discussion interspersed.

470 Chair Baker After discussion regarding minor construction determined that \$10,000 limit in any one year should be specified, with \$25,000 over five years.

**TAPE 195, SIDE B**

028 Jerry Hanson Said this would have to be monitored over a few years to determine how it works. Recommended one change on page 5 line 20 instead of saying "increase the total square footage of the real property improvements" suggests the words "increase the total square footage of an existing structure". Questions and discussion interspersed.

055 Chair Baker Summarized that minor construction should be defined at \$10,000 for one year, \$25,000 accumulative over five years, and does not increase square footage of existing structure.

067 Scherzinger Identified three issues for further discussion: 1) Supplemental Reduction 2) Property-By-Property Limits and 3) Maximum Value Growth. General discussion and questions on these three areas.

MOVES THAT SENATE REVENUE COMMITTEE REJECT THE SUPPLEMENTAL REDUCTION LANGUAGE IN THE HOUSE VERSION OF HB 3710.

227 Chair Baker ROLL CALL VOTE: MOTION PASSES: 5 - 1 - 0

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

SENATOR VOTING NAY: BRYANT.

276 Scherzinger Continued discussion regarding code areas. The Measure clearly says constitutionally Measure 5 limits would be applied on a code area basis. A choice could be made to go property-by-property, and that would also result in a code area determination. Effect of that would be some revenue reduction because some properties would hit Measure 5 limits before code area does. If that happened there would be no further adjustment to the rate, so revenue would be lost. Property-by-Property would create about \$4 million reduction per year; however it would give assurance to property owners they will not exceed \$5 and \$10 limits. Questions and discussion.

355 Chair Baker Stated he supports local levy options for cities, counties, and schools. Questions and discussion.

MOVES ADOPTION OF CODE AREA DETERMINATION RATHER THAN PROPERTY-BY-PROPERTY.

434 Chair  
Baker

ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0

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

SENATORS VOTING NAY: HARTUNG, BRYANT.

470 Scherzinger Began discussion of maximum assessed value: Whether it is frozen when real market value drops below assessed or whether it continues to rise at 3% per year. Illustrated how it works by drawing graph on board (again).

**TAPE 196, SIDE B**

020 Scherzinger Continued discussion of maximum assessed value. The House argued for freezing value at time value goes below assessed value. Questions and discussion.

MOVES ADOPTION OF LANGUAGE IN (-A25) AMENDMENTS TO GO TO 3% ANNUAL INCREASE LIMIT AND REJECTS HOUSE METHOD OF FREEZING VALUE AT POINT WHEN MARKET VALUE GOES BELOW ASSESSED VALUE.

090 Sen.  
Leonard

ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0

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

SENATORS VOTING NAY: DUNCAN, BRYANT.

122 Chair Baker REGARDING MINOR CONSTRUCTION, PROPOSES LANGUAGE BE INSERTED WHICH STATES VALUE WILL NOT EXCEED \$10,000 IN ONE YEAR OR \$25,000 CUMULATIVE IN FIVE-YEAR PERIOD AND DOES NOT INCREASE TOTAL SQUARE FOOTAGE OF EXISTING STRUCTURE. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

140 All Questions and discussion on bills and Amendments yet to be discussed.

CLOSED WORK SESSION ON HB 3710

199 Chair Baker Recessed meeting at 10:10 a.m. and reconvened at 10:37 a.m.

OPENED WORK SESSION ON HB 3163

225 Richard  
Yates Stated that a number of Amendments were made to separate the Department of Aviation from the ODOT, to reorganize ODOT, substitution of diesel fuel tax for weight-mile tax, addressing expenditures for lobbying purposes, reduction in fuel tax increase, reductions in registration fees, etc.

251 Chair Baker The Chair has a proposed Amendment forthcoming that would strip all of the Senate Transportation Committee Amendments out of the bill back to the B-Engrossed version. Subsequent to that the Chair will propose to restore some of those Amendments, specifically stripping out access fee, dealing with some of the registration issues, and moving the tax to a two-year increase of 3 cents each year. There will be more Amendments after that as well.

266 Sen. Dukes Because of the massive amount of Amendments being dealt with now, asked if names of persons proposing Amendments could be added to them for ease of asking questions. Other questions and discussion.

290 Joan Robinson Outlined subject of several of the Amendments created to date. Subjects of some of them were lobbying, prohibiting ODOT from entering into contracts with people who are not ODOT permanent employees for lobbying, to delete the access fee, to reduce gas tax increases from 2 cents plus 2 cents plus 2 cents to 3 plus 3 with equivalent changes in the weight-mile and flat fees, to reduce County Registration Fee from \$10 to \$5, to install Blue Star temperature sensitive devices on roadways, to create Department of Aviation, Mt. Hood Meadows area dealing with parking, to prohibit ODOT from erecting signs in metric measurements, to drop bonding from \$410 million to \$175 million, to abolish weight-mile tax and go to diesel fuel tax and higher registration fee for trucks, and transit district condemnation powers in Lane County. Questions and discussion interspersed.

420 Yates Discussed Exhibit F - (C67) highlights.

435 Chair Baker MOVES (-C67) AMENDMENTS TO HB 3163 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

454 Yates Discussed Exhibit J - (-C69) which eliminates access fee. Questions and discussion.

**TAPE 197, SIDE A**

037 Chair Baker MOVES (-C69) AMENDMENTS TO HB 3163 BE ADOPTED.

040 Sen. Dukes Said that for over 20 years ODOT has had in its mission statement that it is to be a multi-modal agency. The legislature has worked hard to change that and believes it is hypocritical of the legislature to take away the flexible funding in this bill while at the same time retain a mission statement for the agency that says they must be multi-modal. The other modes have been starved for years. For one reason or another have not come up with adequate funding for transit or aeronautics or rail or whatever. The Governor has proposed and the House has given this Committee a flexible mechanism not dedicated only to roads and bridges to begin doing that. Said she is opposed to the collection mechanism the House gave this Committee, but believes it would be acceptable to the people of Oregon. If this Amendment is adopted, it would be rejecting an opportunity to prove that to the people.

060 Chair Baker Said he does not disagree with her, but is attempting to get to constitutionally required majorities in the House and Senate. Local districts through election process and supply some of these same needs if they choose to locally. Comments and questions interspersed.

090 Sen. Duncan Said he is very uncomfortable in omitting the access fee which would fund senior, disabled, and police activities.

103 Chair Baker Added that those services have other funding mechanisms available to them other than the proposed access fee. The access fee in this bill is something dumped into bill by the Governor at the last minute after months of bipartisan cooperation in reviewing the bill. Senior, disabled, and police activities are currently being funded by local sources and cigarette taxes. Questions, discussion, and comments interspersed

141 Sen. Duncan Commented on people and police who testified 6/12/97 about their needs.

ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0

161 Chair Baker SENATORS VOTING AYE: DUNCAN, HARTUNG, BRYANT, BAKER.

SENATORS VOTING NAY: DUKES, LEONARD.

177 Yates Discussed Exhibit G - (-C70). Effect of this Amendment is to remove third 3 cent increase in gasoline and diesel fuel taxes and to limit increase in passenger vehicle registration fees to \$50 biennial fee.

184 Chair Baker MOVES (-C70) AMENDMENTS TO HB 3163 BE ADOPTED.

186 All Questions and discussion.

348 Grace Crunican Said that at request of Sen. Bryant a list of highway projects was put together that ODOT may or may not build. The highway project list totals \$542 million. Comments regarding how much money the 3 cents fuel tax would generate toward the amount of the building projects on the list. The 3 cents fuel tax increase when fully implemented would generate about \$71 million a year and the increased registration fee would generate another \$71 million. Questions and discussion interspersed.

**TAPE 198, SIDE A**

025 Crunican Continued comments. Further questions and discussion.

ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0



053 Chair  
Baker SENATORS VOTING AYE: DUNCAN, HARTUNG, BRYANT, BAKER.  
SENATORS VOTING NAY: DUKES, LEONARD.

070 Yates Discussed Exhibit H - (-C71) Amendments. Deals with Eastern Oregon Federal Forest Safety Net Account which provides up to \$3 million a year for cities and counties listed to make up for reduced federal forest fees which are dedicated to road. The Amendments extend the period of time for which these payments will be made. Sunset date is extended from 2003 to 2005. These are highway fund dollars and they have to be used for roads. Four counties with greatest growth have special registration fees. Was originally scheduled to go into effect in 1999, but changed to become effective in 1998. Questions and discussion.

144 Bill  
Penhollow Stated that Subsection 2 says ODOT shall agree on process of distributing funds in question. The four largest counties get together with the cities and ODOT and determine how those funds will be expended for operation, maintenance, and preservation with the exception of Multnomah County which will give priority to Willamette River bridges. Questions and discussion.

182 Chair  
Baker MOVES (-C71) AMENDMENTS TO HB 3163 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

185 Yates Discussed Exhibit I - (-C72) Amendments which add a new section to the end of the bill which deals with lobbying.

199 Crunican Added that discussion in the House Committee referred to lobbying in the state of Oregon, but this Amendment one applies to lobbying in Washington, DC.

202 Sen.  
Dukes Said that Legislative Counsel determined that because an ORS statute was referenced which applies to lobbying only in Oregon the other language was not needed.

209 Chair  
Baker Recessed meeting at 11:35 a.m. and reconvened at 1:21 p.m.

#### OPENED PUBLIC HEARING ON HB 2403

221 Rep. Peter  
Courtney Exhibit P - Written testimony. Supports HB 2403 which deals with Prepaid Tuition Program. Since 1990 tuition at Oregon's public universities has increased 80% but personal income has risen only 49%. The amount of money available for grants and scholarships has diminished, particularly for students from middle income families. Average college graduate in Oregon has \$25,000 in debt to repay. This program would apply to community colleges, private colleges and universities, and colleges and universities outside Oregon. Does not apply to vocational schools. Questions and discussion interspersed.

269 Rep. Bill  
Markham

Discussed prepaid tuition plan and how it offers the most favorable tax treatment available. All contributions to the plan are state tax exempt and federal tax deferred with federal taxes assessed at the student's rate when they are ready to go to college. Other states have successfully implemented programs of this type. Questions and discussion.

CLOSED PUBLIC HEARING ON HB 2403

OPENED WORK SESSION ON HB 2403

MOVES HB 2403 TO THE SENATE FLOOR WITH DO PASS  
RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 4 - 0 - 2

366 Sen.  
Hartung

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

SENATORS ABSENT: DUKES, LEONARD.

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

CLOSED WORK SESSION ON HB 2403

OPENED WORK SESSION ON HJR 72

MOVES HJR 72 TO THE SENATE FLOOR WITH DO PASS  
RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 4 - 0 - 2

377 Sen.  
Hartung

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

SENATORS ABSENT: DUKES, LEONARD.

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

CLOSED WORK SESSION ON HJR 72

OPENED PUBLIC HEARING ON HB 2192A

Rep.  
404 Tim  
Josi

Thanked Committee for opportunity to present testimony and introduced others who will speak about this bill.

Rep.  
431 Jackie Taylor Thanked Committee for consideration of Section 41 which addresses particular problem the ESD has in Northwest Oregon.

444 John Young Northwest Regional ESD was created by legislation in SB 262 in 1995. That bill annexed the four former ESDs in Clatsop, Columbia, Tillamook, and Washington Counties into one ESD. In that process their tax bases were combined, thus creating a new tax rate. The tax rates are what have caused the problem which was an unanticipated result of that legislation. It was not discovered until recently. The tax rates in Clatsop and Tillamook Counties generated by timber sales were over \$1.00 per thousand, but the rate created by the merger of the four counties is only 30 cents per thousand.

**TAPE 197, SIDE B**

021 Young Continued discussion of HB 2192 and the problem created by the merging of the four county ESDs and reduced revenue. The proposed amendment would correct the unintended outcome for two years and regenerate through this agreement and an agreement between the ESD and counties the amount of money that is the difference between what the ESD in Clatsop and Tillamook Counties would have received under the 1995-96 distribution formula and what they would actually receive under the current lower tax rate. Those dollars will stay in the counties that generate them and go directly to programs that serve students in those counties.

046 Harold Riggins Explained that as a result of the ESD merger, school districts in Clatsop and Tillamook Counties lost over \$3 million in special education services alone regardless of the other services ESDs provide. Since tax rates drive the timber distribution, the reduction in ESD tax rates in Clatsop and Tillamook Counties caused a significant loss of timber revenue to the ESD. The proposed Amendment does not make them whole but it does allow them to plan and adjust to the losses.

063 Len Carpenter Added that because of loss of timber revenue Astoria schools lost a lot of funding. The ESD proposal will not make them whole but is a step in the right direction. Worked closely in ESD consolidation process, but find themselves negatively impacted through no fault of their own.

CLOSED PUBLIC HEARING ON HB 2192A

OPENED PUBLIC HEARING ON HB 3163

091 Sen. Bob Kintigh Spoke as proponent of (-B63) Amendments to HB 3163. This Amendment would provide a transit district in an area of less than 40,000 in order to acquire real or personal property by condemnation would either have to have a governing body elected and have adopted an ordinance setting forth rules and conditions for acquiring property by condemnation or by having an intergovernmental agreement with a city or county who would obtain the property for them.

119 Gary Conkling Represents Cole family in Eugene, whose property they were unaware was under consideration for condemnation. Tried to find a way to accomplish two things. 1) Some accountability so people who feel they were not treated fairly would have a place to go to voice their concerns. This provides such. 2) Tried to accomplish that the one and only elected official with any accountability for this appointed board is the Governor. It is not always easy for individual citizens to get attention from busy people. His efforts have been on behalf of individual family who have no other way to get their story across.

CLOSED PUBLIC HEARING ON HB 3163

OPENED WORK SESSION ON HB 3163

148 Sen. Duncan MOVES THE (-B63) AMENDMENTS TO HB 3163 BE ADOPTED.

151 Sen. Leonard Added that what is happening in this case in Eugene is not unlike what occurs when ODOT condemns property for the purposes of highway widening or construction. Further questions, discussion, and comments.

ROLL CALL VOTE: MOTION FAILS: 2 - 3 - 1

239 Chair Baker SENATORS VOTING AYE: DUNCAN, BAKER.  
SENATORS VOTING NAY: HARTUNG, LEONARD, BRYANT.

SENATOR ABSENT: DUKES

CLOSED WORK SESSION ON HB 3163

OPENED WORK HEARING ON HB 2585

274 Sen. Duncan MOVES RECONSIDERATION OF VOTE WHEREBY HB 2585 DID NOT PASS.

280 Sen. Duncan MOVES (-A4) AMENDMENTS TO HB 2585 BE ADOPTED.

284 Yates Discussed Exhibit Y - (-A4) Amendments. The Boxing and Wrestling Commission is currently funded by three gross receipts taxes. One on events that occur in Oregon, one on events on cable TV, and on events broadcast in Oregon from wherever they may occur on pay-per-view. The bill reduces the tax rate to 3.5% for telecast events, leaving the tax rate

on gate receipts on events occurring in Oregon at 6%. The bill eliminates tax altogether on telecast and pay-per-view events. The Amendment deletes the provision which sunsets the rate.

315 Chair  
Baker HEARING NO OBJECTION, THE CHAIR SO ORDERS.

MOVES HB 2585 AS AMENDED TO THE SENATE FLOOR WITH DO PASS  
RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 5 - 1 - 0

316 Sen.  
Duncan SENATORS VOTING AYE: DUNCAN, HARTUNG, LEONARD, BRYANT, BAKER.

SENATOR VOTING NAY: DUKES

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

CLOSED WORK SESSION ON HB 2585A

OPENED PUBLIC HEARING ON HB 2332A

359 Brian  
Reeder Explained that this bill specifically adds non-profit art museums to the list of entities exempt from property taxes under ORS 307.130, i.e. benevolent, literary, charitable, and scientific institutions. Under current law in 35 of Oregon's 36 counties, county assessors have interpreted ORS 307.130 to include non-profit art museums, but in Coos County the assessor has maintained that the Coos County Art Museum is taxable. All of the property of the art museum has been turned over to the City of Coos Bay, so currently there is no tax liability due. The museum would like to have tax-exempt status. The gift shop portion of the museum, however, would be taxable.

392 Rep.  
Mike Added that the purpose of this bill is to educate the Coos Bay county assessor.  
Lehman

CLOSED PUBLIC HEARING ON HB 2332A

OPENED WORK SESSION ON HB 2332A

MOVES HB 2332A TO THE SENATE FLOOR WITH DO PASS  
RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 5 - 0 - 1

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

416 Chair  
Baker

SENATOR ABSENT: BRYANT

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

CLOSED WORK SESSION ON HB 2332A

OPENED PUBLIC HEARING ON HB 2134A

461 Steve  
Jacky

Exhibit FF - Written testimony. Explained that HB 2134A establishes rates and re-  
authorizes the harvest taxes for the Oregon State University research forest research lab  
and for the Department of Forestry forest practices program for another two years. This  
funds the current service level of the forest research lab.

**TAPE 198, SIDE B**

027 Jacky Continued comments. Questions and discussion interspersed.

CLOSED PUBLIC HEARING ON HB 2134A

OPENED WORK SESSION ON HB 2134A

MOVES HB 2134A TO THE SENATE FLOOR WITH DO PASS  
RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 5 - 0 - 1

061 Chair  
Baker

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

SENATOR ABSENT: BRYANT

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

CLOSED WORK SESSION ON HB 2134A

OPENED WORK SESSION ON HB 3163

092 Yates

Exhibit GG - What HB 3163 B57 does. Under current law some of the diesel fuel is used  
by motor boats, and some of tax is distributed to Marine Board. First three cents would all

go to parks. One of the next three cents would go to parks, but the remaining two would go to Marine Board. Questions and discussion interspersed.

122 Yates Exhibit HH - (-C73) Amendments. Comments and discussion.

153 Chair Baker MOVES (-C73) AMENDMENTS TO HB 3163 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

158 Yates Exhibit II - Estimated Cost of Reduced HB 3163 Increase for High-Mileage Vehicles for Calendar Year 1998 and 2000. These Amendments design a weight-mile tax table that will hold heavy vehicles as a group at the cost responsibility share of 37.7%. Questions and discussion interspersed.

252 Mazen Malik Explained ODOT position on this portion of the bill. Questions and discussion interspersed.

280 John Merress Explained that there are over 40 different work categories for allocation ranging from pothole patching to building new pavements to maintaining rest areas, etc. There is a different allocation between cars and trucks for each one of those work categories. Trucks contribute a major share to pavement preservation work. Litter pickup and rest stop maintenance is paid for mostly by passenger car allocations. Overall result in 1994 study showed 62.3% car responsibility and 37.7% truck responsibility.

304 Sen. Dukes Asked if that meant cars and trucks pay different rates, but the amounts are actually collected on an average?

312 Chair Baker Added that the figures that came from the House gave a subsidy to truckers at the expense of passenger vehicles. The figures proposed here go back to true cost responsibility so that passenger vehicles pay their share and trucks pay their share. Further questions and discussion.

354 Yates Discussed Exhibit JJ - (-C68) Amendments which compute the percentage increase in weight-mile taxes that are required in each of the two years there are increases. Pointed out on page 2 that for additional axles there is more tax reduction. Axle incentives go all the way down to 26,000. The more axles a truck has, the less pavement stress results from driving on it. Rate is lower for a loaded truck than for an empty one. Questions and discussion interspersed.

#### **TAPE 199, SIDE A**

031 Yates Continued discussion of (-C68) Amendments. Further questions and discussion interspersed.

Added that under full cost responsibility with 3 cents plus 3 cents and \$20 registration fee the total increase over six years would be about \$1.1 billion. Truckers would pay approximately \$350.3 million of that, so about \$700 million would be paid by

- 066 Malik passenger vehicles. Coming out of the House the amount was slightly higher because of 3 cents plus 3 cents plus 3 cents and \$40 registration fees. That would have generated approximately \$1.4 billion. Questions and discussion.
- 138 Chair Baker Asked if there was any objection to the (-C68) Amendments. Sen. Leonard and Sen. Dukes object.
- 143 Sen. Dukes Explained that she is not comfortable with taking \$47 million from one group. Feels there should be testimony from the trucking industry before any action is taken on this Amendment.  
MOVES THE (-C68) AMENDMENTS TO HB 3163 BE ADOPTED.
- 161 Chair Baker ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0  
SENATORS VOTING AYE: DUNCAN, HARTUNG, BRYANT, BAKER.  
SENATORS VOTING NAY: DUKES, LEONARD.
- 168 Yates Discussed Exhibit F - (-C74) Amendments which deals with a provision in the bill on Page 30 line 25 and addresses what happens if a corporation fails to pay taxes as required by this section. Any officer of a corporation or an employee who is responsible for exercising the duties of the corporation may be held personally liable for payment of the taxes.
- 207 Greg DelPonte Said that this provision was added to the bill at recommendation of Financial Services Branch Collection Department. It is attempts to emulate language in Washington state statutes which deal with collection of fuels tax. For 1996 there were 201 accounts totaling \$1.8 million which were written off as uncollectable bad debt which were weight-mile tax receipts and other related fees and penalties in which the debtor was a corporation not engaged any longer in any income producing activity or no longer incorporated, and there were no assets from which the money could be collected. Not unusual circumstance for owners of such a corporation be unable to pay weight-mile tax liability. Employees are included as well as officers of a corporation because, upon investigation if an employee is found to be responsible for making decisions about what bills and liabilities are paid and not paid, then a notice of assessment following appropriate investigation could be issued by the Collections Department. Appeal rights would exist after that action.
- 258 Sen. Dukes Asked if a company's bookkeeper would be personally liable to pay, even though their employer refuses to pay.
- 263 Merress Answered that would not be his interpretation of the language.
- 264 Chair Baker Replied that it **would** be his interpretation. Said he has seen cases where the IRS has gone after company employees with no more than the ability to write a check. Further



discussion and comments.

278 Betsy Earls Associated Oregon Industries would appreciate removing wording "or an employee who is responsible for exercising the duties of the corporation" completely from the bill. It is their position the wording is too broad and unfair to those employees.

292 Lanny Gower Objects to officers being named as responsible for weight-mile tax because he knows personally of officers who have nothing at all to do with payment of the weight-mile tax. Questions and discussion interspersed.

331 Sen. Bryant Suggested looking at federal statute dealing with failure to pay trust fund taxes before making a decision on this.

343 Chair Baker Asked if Committee wanted to strike entire clause in lines 25 to 29 strike words "or any employee".

351 Sen. Bryant MOVES TO STRIKE LINES 25 THROUGH 29 ON PAGE 30 OF (-C67) (HB 3163C). THIS ACTION IS PERFORMED BY ADOPTION OF THE (-C74) AMENDMENTS.

373 Chair Baker HEARING NO OBJECTION, THE CHAIR SO ORDERED.

416 Dave Behrenberg Said that the priority in coming to the legislature was to address operations, preservation, and maintenance needs of the state's road system. Seems to be acceptance of needs for road maintenance. Wanted to provide assurances to the public that maintenance could be established as a priority with existing funds they currently receive, flexibility to continue some work in progress, and pursue safety and other improvements in the system.

#### **TAPE 200, SIDE A**

024 Behrenberg Worked with Legislative Counsel on conceptual Amendments to reflect some of the prioritization discussed.

028 Chair Baker Said this bill would be passed out of here in about ten minutes, so conceptual Amendments "would not cut it".

034 Behrenberg Said that a conceptual Amendment would make the beginning of Section 1 apply to all of the moneys available to State Highway Fund from fuel taxes, truck fees be prioritized, continue to have split at 50% ODOT - 30% Counties - 20% Cities, delete in Section 3 of the bill Subsection 4 which allocates one cent of the increase directly to ODOT to use to back bonding given the package has been reduced, language in Section 6 that would reflect commitment for putting funds to Operation, Maintenance & Preservation first and strengthening the policy statement, etc. Questions and discussion interspersed.

099 Chair  
Baker MOVES ADOPTION OF CONCEPTUAL AMENDMENT. HEARING NO  
OBJECTION, THE CHAIR SO ORDERED.

107 Sen. Dukes Described another conceptual Amendment whereby school districts who use diesel  
fuel and have to pay the tax can get their diesel tax refunded as already can an agency  
of the United States, the Board of Forestry, the State Forester, any county, city or port.

112 Chair  
Baker MOVES ADOPTION OF THAT CONCEPTUAL AMENDMENT. HEARING NO  
OBJECTION, THE CHAIR SO ORDERED.

114 Chair  
Baker Discussed (-C72) Amendments from 6/12/97. These Amendments relate to limitations  
on lobbying. Specifically ODOT may not use any moneys to pay a person who is not a  
permanent employee of the Department to engage in lobbying. A person who is not a  
permanent employee of the Department may not enter into a contract with a  
department that engages in lobbying.

123 Sen. Dukes MOVES (-C72) AMENDMENTS TO HB 3163 BE ADOPTED.

125 All Discussion and questions regarding this Amendment. It was determined the  
Amendment was not necessary at this time.

155 Sen. Dukes WITHDRAWS MOTION REGARDING (-C72) AMENDMENTS.

164 Chair  
Baker Discussed Exhibit LL - (-C75) Amendments to HB 3163. (This is the conceptual  
amendment previously adopted.)

198 Crunican Stated the (-C75) Amendments look okay to ODOT.

206 Yates Summarized HB 3163 Amendments to date. Two 3-cent increases for gasoline and  
diesel fuels. Vehicle registration would increase from \$30 to \$50 biannually. Farm  
vehicle registration increases, tow 257trucks, and trucks used for hauling  
manufactured homes. Registration increases for electric vehicles. Modifications to  
weight-mile tax tables. Adjustments to weight-mile taxes from B-Engrossed bill.  
Questions and discussion interspersed.

257 Crunican Said ODOT suggests one change in (-C75) Amendments. Page 1 line 19 should be  
changed to say "this Section and Section 4" because the wording is in Section 4a.

270 Chair  
Baker HEARING NO OBJECTION, THE CHAIR SO ORDERED.

Said he had three items for discussion. Three Amendments were in the Transportation

307 Sen. Bryant Committee which interested him: 1) Blue Star 2) Department of Education 3) Mt. Hood Meadows. Asked if there was any interest in pursuing them in this Committee.

333 Mike Sherlock Previously had passed an Amendment the intent of which was to move administration of driver education from Department of Education to Department of Transportation. After the Amendment was adopted it was discovered language had been omitted. Existing statute makes references to Superintendent of Public Instruction, etc. Must change those references to Department of Transportation.

359 Crunican Said that when the Amendment was left in other Committee they were moving only the policy responsibility for the design of the program and she has not seen it since then.

381 Chair Baker Stated he prefers not to move on this at this time. Agreed to strike language so Amendment could start over. Discussion and questions.

429 Chair Baker CHAIR MOVES TO STRIKE SECTIONS 50 AND 51 FROM THE BILL. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

437 Yates Explained that the Student Driver Training Fund Eligibility Fee is a fee everyone pays when they are issued a driver license. That fee goes into the Student Driver Training Fund.. Money generated by this is nowhere near enough to fund entire program. Questions and discussion interspersed

#### **TAPE 199, SIDE B**

024 Chair Baker Asked if there were any further Amendments to the bill. Questions and discussion.

MOVES HB 3163 C-ENGROSSED AS AMENDED TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES: 4 - 2 - 0

038 Chair Baker SENATORS VOTING AYE: DUNCAN, HARTUNG, BRYANT, BAKER.  
SENATORS VOTING NAY: DUKES, LEONARD.

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

Sen. Leonard serves notice of possible Minority Report.

053 Chair Baker Adjourned meeting at 3:30 p.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. HB 3710A, Scherzinger, Staff Measure Summary, 1 page
- B. HB 3710A, Scherzinger, Revenue Impact Statement, 2 pages
- C. HB 3710A, Scherzinger, Fiscal Impact Assessment, 1 page
- D. HB 3710A, Scherzinger, (-A25) Amendments, (DJ/ps 6/12/97, 6 pages
- E. HB 3163B, Yates, (-B38) Amendments, (JR/ps) 6/10/97, 3 pages
- F. HB 3163C, Yates, (-C67) Amendments, (JR/ps) 6/13/97, 60 pages
- G. HB 3163C, Yates, (-C70) Amendments, (JR/ps) 6/13/97, 1 page
- H. HB 3163C, Yates, (-C71) Amendments, (JR/ps) 6/13/97, 1 page
- I. HB 3163C, Yates, (-C72) Amendments, (JR/ps) 6/13/97, 1 page
- J. HB 3163C, Yates, (-C69) Amendments, (JR/ps) 6/13/97, 1 page
- K. HB 2403B, Yates, Staff Measure Summary, 1 page
- L. HB 2403B, Yates, Revenue Impact Statement, 1 page
- M. HB 2403B, Yates, Fiscal Impact Statement, 1 page
- N. HB 2403, Courtney, Written testimony, 48 pages

O. HB 2403, Kehrer, Written testimony dated 6/12/97, 2 pages

P. HB 2403, Courtney, Written testimony, 3 pages

Q. HB 2403, Courtney, Written testimony, 1 page

R. HJR 72A, Yates, Staff Measure Summary, 1 page

S. HJR 72A, Yates, Revenue Impact Statement, 1 page

T. HJR 72A, Yates, Fiscal Impact Statement, 1 page

U. HB 2192A, Meyer, Staff Measure Summary, 2 pages

V. HB 2192A, Meyer, Revenue Impact Statement, 3 pages

W. HB 2192A, Meyer, Fiscal Impact Statement, 2 pages

X. HB 3163B, Yates, (-B63) Amendments, (JR/ps) 6/12/97, 4 pages

Y. HB 2585A, Yates, (-A4) Amendments, (DJ/ps) 6/13/97, 1 page

A@. HB 2332A, Reeder, Staff Measure Summary, 1 page

AA. HB 2332A, Reeder, Revenue Impact Statement, 1 page

AB. HB 2332A, Reeder, Fiscal Impact Assessment, 1 page

AC. HB 2134A, Yates, Staff Measure Summary, 1 page

AD. HB 2134A, Yates, Revenue Impact Statement, 1 page

AE. HB 2134A, Yates, Fiscal Impact Statement, 1 page

AF. HB 2134, Jacky, Written testimony dated 6/13/97, 2 pages

AG. HB 3163B, Yates, What HB 3163 (-B57) Does, 1 page

AH. HB 3163C, Yates, (-C73) Amendments, (JR/ps) 6/13/97, 1 page

AI. HB 3163, Yates, Estimated Cost of Reduced HB 3163 Increase, etc. 1 page

AJ. HB 3163C, Yates, (-C68) Amendments, (JR/ps) 6/13/97, 12 pages

AK. HB 3163C, Yates, (-C74) Amendments, (JR/ps) 6/13/97, 1 page

AL. HB 3163C, Yates, (-C75) Amendments, (JR/ps) 6/13/97, 1 page

AM. HB 3163, Tobias, Written testimony dated 6/11/97, 3 pages

AN. HB 2403, Hill, Written testimony dated 6/12/97, 1 page

AO. HB 2403, Hill, Written testimony dated 6/12/97, 1 page

WORK SESSION ON HB 3163

TAPES 201 - 202 A/B, 203 A

**SENATE REVENUE COMMITTEE**

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**JUNE 13, 1997 - 5:00 P.M. - HEARING ROOM B - STATE CAPITOL BUILDING**

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Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Staff:

Carol Phillips, Committee Assistant

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**TAPE 201, SIDE A**

005 Chair Baker Called meeting to order at

**TAPE 202, SIDE A**

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**TAPE 201, SIDE B**

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**TAPE 202, SIDE B**

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**TAPE 203, SIDE A**



Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary: