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WORK SESSIONS: SB 816, SB 461 & SB 684
PUBLIC HEARINGS: SB 461 & SB 684
TAPES 070-071, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MARCH 29, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden

Excused: Sen. Eugene Timms

Witnesses: Mike Byrnes, representing Senator Hannon and Historic Preservation League of Oregon
Lisa Burcham, Historic Preservation League of Oregon
Cathy Galbraith, Bosco-Milligan Foundation
James Hamrick, Deputy State Historic Officer of Parks and Recreation Dept.
Judy Gerrard, Dayton, Oregon
Les Miller, Dayton, Oregon
John Beaulieu, Oregon Department of Geology and Seismic Safety Policy

Advisory Commission
Robin White, Portland Association of Building Owners and Managers
Mike McCallum, Oregon Restaurant Association and Oregon Small Business Coalition
Joe Gilliam, National Federation of Independent Business and Oregon Small Business Coalition
Steve McCoid, Association of Oregon Food Industries (OFI) and Oregon Small Business Coalition
Marilyn Holstrom, City of Fairview
Linda Meng, City of Portland
Marge Kafoury, City of Portland
Frank Brawner, Oregon Bankers Association

Staff: James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 070 SIDE A
005 Chair Phillips -calls the meeting to order at 1:10 pm as a subcommittee (brief recess)
SB 684 PUBLIC HEARING
015 Steve Meyer -explains that SB 684, dealing with historic property, was

drafted without knowing that HB 2124 would be re-passed this session
 050 -describes that measure creates special property tax assessment for
 historic commercial property
 (quorum established)
 -questions and discussion
 069 Mike Byrnes -appears on behalf of Senator Hannon as well as Historic
 Preservation League of Oregon
 -explains history of measure and its relationship to SB 2124
 -distributes and refers to testimony titled "Recommended Housekeeping
 Amendments to SB 684" (Exhibit A)
 100 -requests committee permission to work with legislative counsel to
 incorporate amendment and contribute information toward fiscal impact
 statement
 112 -distributes memorandum from Historic Preservation League of Oregon
 (Exhibit B)
 170 Lisa Burcham -Historic Preservation League of Oregon
 -distributes and reads written testimony in support of SB 684 (Exhibit C)
 262 -question about any known opposition to measure
 270 Cathy Galbraith -Bosco-Milligan Foundation, Director
 -states mission of Foundation to open a regional architectural heritage
 center which would serve as a resource center for historic property owners
 and advocates in SE Portland
 308 "SB 684, for the first time, provides meaningful incentives to private
 property owners to help them preserve their historic properties"
 320 -speaks to value of historic preservation in Oregon and its relationship
 to jobs, tourism, construction industry, energy conservation and land
 conservation
 386 -states importance of incentives offered in SB 684 to people of "very
 moderate means"
 TAPE 071 SIDE A
 014 Galbraith -testimony continues about preservation of irreplaceable
 heritage in Oregon
 -questions and discussion about any known opposition to this measure and
 building code requirements which may prohibit preservation
 023 James Hamrick -Oregon Parks and Recreation Department, Deputy State
 Historic Preservation Officer
 -presents written testimony in support of SB 684 (Exhibit D)
 -states for the record, Department support of incentives for historic and
 cultural resources
 Hamrick -approves: limiting benefit to depreciable property, one-time
 incentive for seismic upgrades of unreinforced masonry buildings, and
 incentives for property locally designated under statewide land use
 planning
 Goal 5
 057 Hamrick -outlines concerns about bill as noted on page 2 of Exhibit D
 052 -distributes and comments on Questions/Recommendations for SB 684
 Amendments (Exhibit E)
 108 Chair Phillips -asks Mr. Hamrick to work with Mike Burns and legislative
 staff to achieve consistency on amendments
 122 Judy Gerrard -Dayton, Oregon
 -distributes written testimony and comments in support of SB 684 (Exhibit F)
 217 Les Miller -Dayton, Oregon
 -distributes written testimony and comments in support of SB 684 (Exhibit G)
 -comments about accessibility of the program and fair distribution of
 benefits within the affected group
 265 John Beaulieu -Oregon Department of Geology and Seismic Safety Policy
 Advisory Commission
 -explains advantage of "reasonable" seismic retrofit of older buildings to
 reduce damage from earthquake
 325 -states no specific Department position on this measure yet, but
 expresses willingness to work with interested parties in any aspects of
 retrofit in the State of Oregon
 -agrees to monitor bill closely
 340 Robin White -Portland Association of Building Owners and Managers (BOMA)
 -speaks about state building code mandates for seismic retrofit, and
 "dangerous building codes" in some cities
 385 -states support of portion of measure dealing with seismic retrofit and
 explains range of costs for retrofit
 TAPE 070 SIDE B
 SB 461 PUBLIC HEARING/ WORK SESSION
 010 Richard Yates -presents staff report on SB 461 which prohibits local
 governments from imposing selective sales and gross receipts taxes
 -refers to Revenue Impact Statement (Exhibit M) with attached documentation

about magnitude of taxes in effect: Oregon transient lodging tax, summary of state and local taxes, and state and local government finances by level of government and state 1991-92

045 Mike McCallum -Oregon Restaurant Association and Oregon Small Business Coalition

-distributes written testimony in support of SB 461 from Oregon Restaurant Association (Exhibit N)

225 -notes language of proposed amendments to SB 461 and copy of Peat Marwick

study "Analyzing the Impact of State and Local Taxes on the Economy" attached in Exhibit N

232 Chair Phillips -summarizes five points of Mr. McCallum's testimony:
.not asking for preemption
.not asking for prevention of taxes
.suggesting partnership between voters and local governments
.desire to restore government credibility with voters
.correlation between generation and purpose of tax

250 Joe Gilliam -National Federation of Independent Business State Director and

Oregon Small Business Coalition Chair

-states unanimous support of SB 461 by Oregon Small Business Coalition

260 -lists members of Coalition

-membership advocates tax reform at the local level before committing support to tax reform at the state level - "the idea that you're going to go in and tax a restaurant or tax an auto garage for a general fund purpose

is very unfair in our eyes"

310 -questions and discussion about possible amendment relating tax to industry at all levels of state government ("one pocket theory"), and voter

approval

343 Steve McCoid -Association of Oregon Food Industries President and Oregon Small Business Coalition

-distributes written testimony in support of SB 461 as amended (Exhibit O)

400 -questions and discussion about inclusion of state government and voter

approval

TAPE 071 SIDE B

020 Marilyn Holstrom -City of Fairview, City Administrator

-testifies in opposition to SB 461, stating that City opposes all preemption

of local authority

-explains measure's possible negative impact on funding sources for the City of Fairview needed to provide services for residents

057 -describes effect of Measure 5 and plan to present a tax base increase measure to voters

-responds to impact of three proposed amendments

082 Linda Meng -City of Portland, Chief Deputy City Attorney

-presents testimony from Portland City Attorney's Office (Exhibit Q) in opposition to SB 461

100 -explains effect of measure that would "get rid of and delete many existing taxes that were authorized by the legislature" and problem with distinction between excise tax and sales

110 -"the effect of this bill - the way it is written - is not what it purports to be by the proponents...the distinction between and excise tax and a sales tax is muddled throughout the entire bill"

-points out problems with determining effect of the amendments

135 Marge Kafoury -City of Portland

-states opposition and opinion that SB 461 is "the mother of all preemption

bills"

-speaks about restoration of confidence in government, and describes safeguards/opportunities at the local level for cities to communicate with citizens

171 Kafoury -states fundamental objection to these types of bills which create "wedges and barriers" between government and industries at the local

level

180 -comments on confusing language in proposed amendment

SB 816 WORK SESSION

200 Frank Brawner -Oregon Bankers Association

-reviews rationale for introduction of SB 816 which gives priority to security interest lien over lien for homestead deferred taxes if noted on certificate of title before tax lien attaches

222 -expresses support of measure in its current form, and plan for

coordination of information among Dept. of Motor Vehicles, Dept. of Revenue, and mortgage lenders

256 Shirley Leiper -Department of Revenue

264 -explains that safeguards are in place to protect the state's money and refers to Dept. of Revenue intent to work with the banking industry in their education process

-expresses support of the bill as written

266 Sen Gold -MOVES SB 816 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

268 Chair Phillips -ROLL CALL VOTE: MEASURE PASSES 5-0 -SENATORS VOTING AYE:
HARTUNG, TROW, WALDEN, GOLD & PHILLIPS EXCUSED: TIMMS

Sen Gold -will carry the measure on the Senate Floor

280 Chair Phillips -adjourns meeting at 2:55 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. SB 684, Byrnes, Recommended Housekeeping Amendments to SB 684
- B. SB 684, Byrnes, testimony from Historic Preservation League of Oregon
- C. SB 684, Burcham, testimony from Historic Preservation League of Oregon
- D. SB 684, Hamrick, testimony from Oregon Parks and Recreation Department, State Historic Preservation Office
- E. SB 684, Hamrick, Questions or Recommendations for Amendments SB 684
- F. SB 684, Gerrard, testimony of Gerrard/Miller
- G. SB 684, Miller, testimony, 3/29/95
- H. SB 684, Meyer/Bender, Revenue Impact of Proposed Legislation, 3/29/95
- I. SB 684, Goldstein, National Trust for Historic Preservation, 3/28/95
- J. SB 684, Abernathy, testimony, 3/28/95
- K. SB 684, Kramer, testimony, 3/28/95
- L. SB 684, Meyer/Bender, excerpt from Internal Revenue Code
- M. SB 461, Yates, Revenue Impact of Proposed Legislation, 3/28/95
- N. SB 461, McCallum, testimony from Oregon Restaurant Association, 3/29/95
- O. SB 461, McCoid, testimony from Association of Oregon Food Industries, Inc.
- P. SB 461, Cross, testimony from Building Owners and Managers Association, 3/29/95
- Q. SB 461, Meng, testimony from Portland City Attorney's Office