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PUBLIC HEARINGS: SB S 755 & 1132
WORK SESSIONS: SB S 755 & 1132
TAPES 084-085 A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

APRIL 12, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair (excused 1:00-1:32 pm)
Sen. Tom Hartung
Sen. Cliff Trow (excused 1:00-1:32 pm)
Sen. Greg Walden (excused 1:25-3:00 pm)

Excused: Sen. Eugene Timms

Witnesses: Shirley Dukes, Oregon State Senator District 1
Joe Bakkensen, Clatsop County Board of Commissioners
Bill Barrons, Clatsop County Manager
Gary Gustafson, Division of State Lands
Paula Burgess, Governor's Assistant for Natural Resources
Rollie WiSB rock, Oregon State Treasury
Fred VanNatta, Oregon State Home Builders Association
Kay Hutchison, Legislative Fiscal Office

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

TAPE 084 SIDE A
005 Chair Phillips -calls the meeting to order at 1:11 pm
SB 755 PUBLIC HEARING
010 Senator Shirley Dukes -Oregon State Senator District 1
-explains SB 755 which grants tax exemption for property used in motion picture or other performing arts production
-describes situation regarding Division of State Lands managed property at Tongue Point, Astoria, which was previously leased by Warner Brothers movie studios
-explains that SB 755 bill is very "site specific"

040 Joe Bakkensen -Clatsop County Board of Commissioners, Chair
-reads written testimony in support of SB 755 (Exhibit B)

109 -refers to letter of support from City of Astoria (Exhibit C)

112 Sen Walden -expresses support for SB 755 and asks to be excused from the

committee meeting

122 Steve Meyer -presents staff overview and Revenue Impact of Proposed Legislation (Exhibit A)

-question about whether any opposition exists to this measure

135 Bill Barrons -Clatsop County Manager

-states that there is no known opposition to measure

142 Gary Gustafson -Division of State Lands, Director

-states support of SB 755, with clarifications: 1) a copy of the signed license was sent to Clatsop County within two days of signature and 2) when

Warner Brothers signed the lease, they were aware of possible property tax liability as stated in the lease

SB 1132 PUBLIC HEARING - opens as a subcommittee

190 Paula Burgess -Governor's Assistant for Natural Resources

-reads distributed testimony regarding SB 1132 (Exhibit D) which states opposition to SB 1132 as currently drafted

249 -makes recommendations concerning Asset Management Plan and state agency

review

-presents written testimony from directors of Dept. of Forestry, Dept. of Geology and Mineral Industries, and Dept. of Agriculture

-supports Proposed (-1) Amendments, but states concern about constitutional

issues in Section 1

270 Rollie WiSB rock -Oregon State Treasury, Chief of Staff (representing Jim Hill)

-presents and reads written testimony in opposition to SB 1132 (Exhibit G) addressing the issues of fiduciary interest, oversight, and checks/balances

340 Chair Phillips -thanks Mr. WiSB rock of the Treasury for ongoing assistance

-questions and discussion about availability of Land Board organizational analysis, management efficiency, and completion status of the Asset Management Plan

TAPE 085 SIDE A

010 Chair Phillips -summarizes issues in bill and comments on redistribution of responsibilities, prudent disposal of isolated properties, and possible alternatives

045 -questions whether analysis has been done on costs of defending lawsuits

against Division of State Lands versus the return on investment/asset management to the Common School Fund

-states opinion: "if I was the investment manager on that portfolio I should be fired, because that return is pathetic"

055 WiSB rock -responds that lawsuits have been predominantly due to the insufficient contracts on Elliott State Forest lands (which were written prior to enactment of the Endangered Species Act)

-major cost of defense is from "very, very, poor contracts we've had"

065 Chair Phillips -states concerns about fiscal management

071 Sen Trow -apologizes for arriving to meeting late and receives clarification that Governor is opposed to SB 1132 as it now exists and that the State Treasurer is also opposed to measure

085 -poses questions about sale of isolated lands

-questions and discussion

TEMPORARY RECESS IN SB 1132 PUBLIC HEARING

SB 755 WORK SESSION

150 Chair Phillips -summarizes proceedings from public hearing earlier in meeting

165 -MOVES SB 755 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION MOTION

CARRIES 4-0

-SENATORS VOTING AYE: HARTUNG, TROW, GOLD & PHILLIPS

EXCUSED: TIMMS &

WALDEN

Senator Dukes -will carry bill on the Senate floor

SB 1132 PUBLIC HEARING RESUMES

186 Gary Gustafson -Division of State Lands, Director

-refers to written testimony distributed 4/6/95 as Exhibit D

-states belief that SB 1132 fails to meet criteria for government

restructuring: "Is it good government - does it serve the people? Is it cost effective?"

-outlines history, fiscal responsibilities, and duties of the Division of

State Lands

-questions effectiveness of "diffused management mechanism" as called for

in SB 1132, especially in management of trust lands
284 -points out that SB 1132 creates a new layer of administrative oversight
not presently existing (page one, lines 28-29)
-Describes complexity of procedures and need for consistency
395 -responds to statements made by others during previous committee
hearing: scope of duties and cost of agency administration
TAPE 084 SIDE B
019 Gustafson -comments on Proposed (-1) Amendments (Exhibit F)
-sees potential problems with Section 1 in terms of constitutional
conflicts
037 -question and discussion about FTE funding and growth over time of
Division
043 Gustafson -states that 95% of Division funding comes from Common School
Fund with minor amount from general fund and federal fund
-in response to question by Chair Phillips, states that Dept. of Forestry
management costs \$10.3 million from the Common School Fund which exceeds
costs to Division of State Lands for managing all other lands
065 -questions and discussion about actual dollars generated for Common
School Fund, budget process, expense of forest management, and anticipated
growth of the Division
147 -discusses revenue used from Common School fund for legal defense
160 -on the subject of cost of legal defense, states:"frankly....because we
are a regulatory agency, we do often get sued"
173 Sen Trow -asks about competitive biddingsituation on grazing lands
Gustafson -describes proposed amendment to eliminate the competitive bidding
requirement in Administrative Rules - this will be addressed in May-June by
the Land Board
-discussion of comparable base fees in other states for range land grazing
rights, and improvement of Division of State Lands image and effectiveness
220 Gustafson -states that Division will examine process for navigability
claims
243 -"we can always do better and we need to do better, and there needs to
be certainty for people that are affected"
247 -explains type of review which is ongoing regarding the sale of isolated
tracts, and hopes to have Asset Management Plan completed soon
271 Gustafson -comments on Oregon's depletion of Common School Fund lands
-"we've got be smart about how we use what we've got"
300 -questions and discussion about status and disposition of lawsuits in
which the Division is involved, whether money from the general fund is
used for Division administration, and issues considered by the Land Board
TAPE 085 SIDE B
010 Fred VanNatta -Oregon State Home Builders Association, Affordable Housing
Advocate
-distributes written testimony expressing concern about moving control of
wetlands to the Dept. of Agriculture (Exhibit J)
-proposes amendments be drafted to place responsibility for wetlands with
the Land Conservation and Development Commission
024 Kay Hutchison -Legislative Fiscal Office, Senior Legislative Analyst
-distributes and reads written report on Organization Impacts of SB 1132
(Exhibit H)
045 -elaborates on list of functions which would be retained for management
by Division of State Lands under SB 1132
055 -questions and discussion interspersed
091 Hutchison -in response to question by Sen. Trow, states that under
SB 1132 pproximately 40% of current DSL functions/staff would move to other
agencies
102 -describes What the Bill Does Not Do (Exhibit H)
109 -comments that there may be some "organizational fragmentation" as a
result of legislation, as well as possible conflicting missions
-discussion of practical matters involved in implementation of measure
200 -explains points of Legal/Fiscal Issues (Exhibit H)
278 -questions and discussion about possible funding problems, adequacy of
fees, cost of administering lease program, need for amendment to clarify
use of statutory revenues, and options for delegation/contracting
331 Hutchison -continues with final point of Legal/Fiscal Issues (Exhibit H)
337 -presents three options in Conclusions and Alternatives (Exhibit H)
395 Chair Phillips -adjourns meeting at 3:00 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A SB 755, Meyer, Revenue Impact of Proposed Legislation, 4/11/95
- B. SB 755, Bakkensen, testimony from Clatsop County Board, 4/12/95
- C. SB 755, Van Dusen, testimony from City of Astoria, 4/11/95
- D. SB 1132, Burgess, testimony from Governor's Assistant for Natural Resources, 4/12/95
- E. SB 1132, Burgess, testimony received re: SB 1132 from Dept. of Forestry, Dept. of Geology and Mineral Industries, and Department of Agriculture
- F. SB 1132, Yates, Proposed (-1) Amendments to SB 1132 (TC/hk) 4/11/95
- G. SB 1132, WiSB rock, testimony from Oregon State Treasury, 4/12/95
- H. SB 1132, Hutchison, Organization Impacts of SB 1132, 4/12/95
- I. SB 1132, Drever-Gee, testimony from Bonnanza Mining, Inc., 4/11/95
- J. SB 1132, VanNatta, testimony from Oregon State Home Builders Association, 4/12/95