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WORK SESSIONS: SB S 1024, 1132 & 337
TAPES 090-091, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

APRIL 19, 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 1:20-2:10 pm)

Excused: Sen. Eugene Timms

Witnesses: Gary Wilhelms, U.S. West
Chris Zamora, U.S. West
Jim Gleason, PacifiCorp
Marge Kafoury, City of Portland
Drew Barden, City of Portland
Gary Gustafson, Division of State Lands
Bill Perry, Oregon Farm Bureau
Rollie WiSB rock, State of Oregon Treasury

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

TAPE 090 - SIDE A

005 Acting Chair Gold -calls the meeting to order at 1:10 pm

SB 1024 PUBLIC HEARING

010 Terry Drake -presents staff review of SB 1024 which provides that additional taxes collected on appeal of large value not be used to reduce amount distributed to school district from State School Fund
-describes two provisions of bill
-questions and discussion

056 Sen. Walden -MOVES AMENDMENT OF SB 1024 TO DELETE SUBSECTION 3, A & B OF SECTION 2 (this will allow the districts flexibility either to use funds in

capital construction or operation)

062 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS

066 Sen. Walden -MOVES SB 1024 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

068 Chair Phillips -ROLL CALL VOTE: MOTION PASSES 5-0
-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN, GOLD & PHILLIPS

EXCUSED: TIMMS

Senator Walden -will carry the bill on the Senate floor

SB 337 WORK SESSION

090 Gary Wilhelms -U.S. West

Chris Zamora -U.S. West

Jim Gleason -PacifiCorp

095 Wilhelms -explains intent to give a brief update of the status of SB 337,

and to bring forth amendments at an upcoming committee work session
 -states that "industry has pretty well gotten together" to write language
 which would freeze the assessed value at 1994 levels and phase out the
 portion attributed to intangibles over a five year period
 105 Gleason -concurs with Mr. Wilhems' statement and gives example of
 enhancement value
 125 Chair Phillips -states that issue exists about effect of measure on local
 governments which could be addressed by phase-in over time
 -comments on measure equitability and impact
 130 Wilhelms -says that suggested language submitted to legislative counsel
 for preparation of amendment will permit more accurate fiscal impact
 forecast
 145 Sen Trow -needs to be "convinced" that inequity currently exists for the
 utilities
 194 Marge Kafoury -City of Portland, Government Relations Director
 -introduces Dr. Drew Barden
 200 Dr. Drew Barden -City of Portland, Economist - Bureau of Financial
 Planning
 -distributes and reads written testimony in opposition to SB 337 (Exhibit B)
 350 -summarizes testimony that homeowners will be negatively impacted by
 this legislation, reduction in General Fund revenues will translate into
 service reductions, and levy capacity of City of Portland public safety
 retirement fund will be reduced by several million dollars
 375 -questions and discussion
 TAPE 091 SIDE A
 005 -questions and discussion continue about legislation's impact on urban
 renewal debt service options and taxation of intangibles in other states
 036 Chair Phillips -asks Ms. Kafoury to submit prompt comment on upcoming
 amendments
 SB 1132 WORK SESSION
 050 Dick Yates -presents staff overview of SB 1132 which transfers authority
 for certain lands programs to State Department of Agriculture, State
 Forestry Department and State Department of Geology and Mineral Industries
 -distributes and explains Proposed (-2) Amendments (Exhibit C)
 085 -questions and discussion
 091 Gary Gustafson -Division of State Lands, Director
 -expresses concern about Section 1, Subsection 2 of Proposed (-2)
 Amendments (Exhibit C) which might create an arbitrary market situation
 that would interfere with maximizing revenue from the sale of isolated
 lands
 123 Chair Phillips -states opinion about need to achieve a balance between
 short term profit against long term profitability and sustained use/yield
 of the investment
 149 Gustafson -agrees with the Chair's opinion, "as long as the
 Division...still retains the ability to set the market value, through an
 appraisal (presumably)"
 155 Bill Perry -Oregon Farm Bureau
 -gives perspective that leaseholders would favor having lands added to the
 local economy and tax base
 175 Gustafson -in response to question from Chair Phillips, estimate that
 Division's Asset Management Plan should be completed in October
 -discussion about "date certain" of January 1, 1996 for inclusion in
 amendments to measure
 206 Chair Phillips -poses question that State Lands Board explore
 alternatives for contracting out land management, so that DSL's role is
 more that of a "contracts manager"
 248 -argues that the Division's "status quo" is not acceptable in areas of
 communications, rate of financial return, not moving quickly on disposition
 of isolated properties, and not adopting an asset management plan as
 quickly as possible
 279 -questions and discussion about wetlands program, possible conflicts of
 agency duties, transfer of management for minerals which may cause
 fragmentation, agriculture and grazing implications to Division programs,
 and FTEs
 TAPE 090 SIDE B
 005 -discussion continues about public perceptions, increased vigilance on
 parts of environmental groups regarding overseeing range lands, and various
 responsibilities of the Division
 050 Chair Phillips -gives suggestions about structural reorganization of
 Division which would lead to improved function
 105 Rollie WiSB rock -State of Oregon Treasury, Chief of Staff
 -states concern about portions of Proposed (-2) Amendments
 121 -comments about span of control
 130 Sen Gold -asks staff for additional explanation of the Proposed (-2)
 Amendments
 151 Dick Yates -explains that Section 1 of Proposed (-2) Amendments

strengthens direction to the DSL in development of a statewide plan that will encourage transfer of state-owned real property
-also explains Sections 77-78 which provides direction for development of an Asset Management Plan

195 Sen Trow -questions and discussion
-asks for assurance that the interest of Common School Fund will be protected, and that "no land is going to be disposed of in such a way to

give a windfall to those who get the land"

-discussion
228 Sen Walden -cites concern of a constituent who has been trying to work with DSL for several years to buy an isolated land parcel
-states that he'd rather see land placed on the tax rolls to help schools directly through tax assessment

-discussion
269 Sen Gold -states that she came to the legislature because she "was extremely angry at state agencies" but now believes decisions must be made on examination of all concerns instead of from "exasperation"

310 Sen Walden -states belief that "the agencies are supposed to work for the people" and describes problems throughout his large district that are the result of "one management agency"

327 Chair Phillips -describes committee's deliberative process as "members of a board of directors" and sees no defense for what he considers the "very paltry revenue and process that has come out of the Common School Fund"

-states advantages of transfer of lands to the tax rolls and Division reorganization to provide better service at less cost

400 -questions and discussion about actual functioning of bill in areas of appraisal and transitional processes for disposition of isolated properties

TAPE 091 SIDE B

034 Gustafson -refers to HB 3239 introduced by Representative Jones which provides a "lock-in" for leases with a twenty year right of renewal

-Division opposes HB 3239 because it could constrain the Lands Board fiduciary role

-discussion regarding history of grazing permits involved in 1983 land exchanges, balancing fiduciary responsibility, and constraints on ability of Division and Land Board to make decisions about highest and best use of the land

100 Gustafson -in response to question by Sen. Trow, states points of opposition to Proposed (-2) Amendments

120 Sen Hartung -asks whether Asset Management Plan will determine salability

of all lands in question

-states reasons that he "would like to see the State get out of the business of owning land"

139 Sen Trow -states position that "it may make sense to hold onto land that may well be investment land" such as those providing timber revenue

147 Gustafson -comments on land sale considerations which will be clarified through Asset Management Plan

-questions and discussion about need for legislative direction concerning Asset Management Plan

207 Gustafson -in response to question from Sen. Hartung, states that to his knowledge only the state of Kansas does not own any "upland" state lands

213 Perry -explains membership concerns about worth of land, cost of appraisals, and disposition of small, isolated parcels

240 Gustafson -states position that transfer of Division management responsibility does not make sense for reasons explained in his earlier testimony

266 Chair Phillips -reviews Kay Hutchison's report on Organization Impacts of

SB 1132 (Exhibit H on 4/12/95)

281 Perry -states for the record, standpoint of the Oregon Farm Bureau Dept. of that Departments of Agriculture and Forestry should manage grazing and forest lands, and doesn't "necessarily agree" that perception of a conflict

of interest would result

-cites examples of other resource agencies who are also in charge of regulation

319 Chair Phillips -adjourns committee meeting at 2:58 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James

Office Manager

Exhibits Summary:

- A. SB 1024, Drake, Revenue Impact of Proposed Legislation, 4/13/95
- B. SB 337, Barden, testimony of City of Portland - Economist-Bureau of Financial Planning, 4/19/95
- C. SB 1132, Yates, Proposed (-2) Amendments to SB 1132 (TC/hk) 4/18/95