

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL
FINANCE
PROPERTY TAX SUBCOMMITTEE

MARCH 11, 1993 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Tom Brian, Chair
Representative Mike Burton
Representative Margaret Carter
Representative Fred Girod
Representative Delna Jones
Representative Jim Whitty
Witnesses Present: Jeffrey Kushner, Director of the Office of Alcohol and
Drug Abuse Programs,
Director's Office of the Department of Human Resources.
KC Humphrey, Traffic Safety Division, Oregon Department of Transportation
Bill Nelson, Oregon Wine Grower's Association Senator Jim Bunn, District 15

Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 45 SIDE A

006 CHAIR BRIAN called the meeting to order at 8:50:
014 CHAIR BRIAN opened the Work Session on HJR 59.
021 JEFF KUSHNER discussed the "Continuum of Alcohol, Tobacco, and Other
Drug Services." He explained the terms on his chart. He also referred to a
memorandum that defined terms used by his agency in relation to alcohol and
drug abuse. Additionally, in discussing the differences between
"prevention" and "education," contained in another handout, stating that
"education" is a subset of

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"prevention." He stressed that the terms overlap. Exhibits 1, 2, and 3

Questions and discussion

124 JEFF KUSHNER said there were sixteen risk factors leading to alcohol
and drug abuse, or risk-taking behaviors, and he related how "prevention"
programs attempt to address these factors.

135 JEFF KUSHNER explained the terms "evaluation" and "research," as
related to programs dedicated to alcohol and drug abuse. Exhibit 2

164 JEFF KUSHNER addressed the issue of the level of General Fund that is
currently used for drug and alcohol prevention and intervention programs.
He referred to a memorandum from REPRESENTATIVE LARRY CAMPBELL to JEFFREY
KUSHNER, with data from a survey done by the Executive Department. Exhibit
2, page 3

Questions and discussion interspersed with Jeff Kushner

235 JEFF KUSHNER talked about how money might be spent if the word "education" was left in HJR 59. He thought it was not an issue to leave the word in the bill.

Questions and discussion

260 JEFF KUSHNER mentioned a handout that explained the Distribution of Revenue from Alcohol-Related Taxes & Fees, 1993-95 in Millions of Dollars." He explained details of distribution to the members. Exhibit 4

Questions and discussion

360 KC HUMPHREY discussed his agency's side of drug and alcohol abuse, which mainly has to do with enforcement of the DUII (Driving Under the Influence of Intoxicants) laws. He believed Public Safety may be the first contact a person has with his/her alcohol or drug problem. He asked that some of the definitions of dedication of the funds in HJR 59 be made broad enough to provide for their programs. His handout mentioned other "education" programs in which the Public Safety Division is involved.

Exhibit 5

Questions and discussion

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002 KC HUMPHREY stressed that it is important for his office and the Oregon Department of Transportation (ODOT) to get a feel for what additional funds they will receive for DUII and other related programs.

Questions and discussion concerning the distribution of the wine and beer taxes.

038 KC HUMPHREY reiterated that ODOT should be included in a comprehensive effort to combat alcohol and drug abuse in the state, and there are a number of communities already attempting this.

041 BILL NELSON presented to the members the budget of the Oregon Wine Advisory Board. Exhibit 6

Discussion

068 MOTION REP. WHITTY moved to adopt amendments
HJR 59-2 to HJR 59.

NO DISCUSSION

071 ORDER There being no objection, CHAIR BRIAN
so ordered.

073 CHAIR BRIAN conducted administrative business.

Questions and discussion concerning the intent of HJR 59.

105 JEFF KUSHNER addressed the question of distribution of funds from additional taxes on wine and beer. He believed he wouldn't have the responsibility to administer new funds and didn't know exactly what the distribution would be.

Questions and discussion

160 JEFF KUSHNER thought the dollars collected from increased taxes, if HJR 59 passed, should be distributed in the same way as the funds that are already collected.

Questions and discussion

185 REP. JONES asked if JEFF KUSHNER or others needed to have legislation out of the House Revenue Committee to clearly define

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how the funds are used, or if it would be satisfactory to allow the current statutory distribution mechanism to continue. If needed, changes in the statutes could be made during the next Legislative Session.

191 JEFF KUSHNER believed that another piece of legislation should be drafted that takes the new taxes and puts them into the current distribution formula. Then the Ways and Means Committee could make decisions about spending the money on for their priorities and on benchmark issues.

Questions and discussion

223 CHAIR BRIAN asked JEFF KUSHNER to get together with local people to decide how taxes might be distributed, and to agree on a statutory ruling (rather than a constitutional amendment). -

Questions and discussion

249 CHAIR BRIAN raised the question of the date that needs to be in HJR 59 on lines 16 and 17.

258 STEVE BENDER pointed out example language in SJR10A concerning an election date, which could be adopted into HJR 59.

286 REP. JONES related that SB 357 will be the election mechanism for HJR 59.

291 CHAIR BRIAN suggested how to amend HJR 59 relating to the election mechanism.

2989 MOTION REP. WHITTY moved to amend HJR 59
as follows: On Line 17, after the
word "on," insert the words "the
date, specified in Section 2, Chapter
(blank), Oregon laws 1993
(enrolled SB 357).

NO DISCUSSION

299 ORDER There being no objection, CHAIR
BRIAN so ordered.

304 CHAIR BRIAN closed the Work Session on HJR 59 and opened the Work Session on SB 14A.

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330 CHAIR BRIAN recapped that amendments already had been adopted, on SB 14A but that members had wanted to include in the bill some clarifying language in regard to urban renewal.

343 JIM SCHERZINGER pointed out the amendments SB 14-A9 that had been passed. He also explained a handout on "Urban Renewal Subcommittee Issues," which delineated ways the Subcommittee could proceed. The issues he mentioned were: scope, requirements for returning property to tax roll, and definition of "projects." Exhibits 7 and 8

TAKE 45 SIDE B

002 JIM SCHERZINGER continued his explanation of the handout on urban renewal issues.

Questions and discussion

026 JIM SCHERZINGER mentioned that his handout contained information from the Oregon Revised Statutes (ORS) on elections that relates to elections on taxes. He talked about alternative approaches to incurring "bonded indebtedness."

Questions and discussion

087 JIM SCHERZINGER believed the relevant questions, a policy matter, is what specific information should go to the voters when the question of "bonded indebtedness" is asked, and if this should be a local option/decision. He believed there were no specific requirements now.

Discussion

110 REP. BRIAN was disinclined to give local government the option of writing ballot titles and information, and wanted the general directions laid out in the ORS.

123 CHAIR BRIAN asked if members agreed with REP. BURTON. There was consensus, and staff will produce amendments.

Discussion

151 JIM SCHERZINGER urged the members to discuss what the word "specifically" means in SB -14A, where it reads "ask specifically about whether to incur bonded indebtedness. He gave several

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interpretations.

Questions and discussion

216 SENATOR JIM BUNN raised an issue in SB 14-A (page 14, lines 912) concerning government being challenged in courts on questionable taxes or fees. Agencies are allowed to keep taxes up to the time of resolved court cases and do not have to pay them back if the tax or fee is declared unconstitutional, specifically because of Measure 5. He thought this method encouraged agencies to be irresponsible with the taxes or fees they charged citizens.

241 JIM MANARY said the issue SENATOR BUNN raised related to the provision where local government could raise a tax or fee issue on its own with the Tax Court (to determine whether or not the tax or fee was under Measure 5). Another appeal process occurred when tax payers challenged the tax or fee. He explained the procedures of both types of appeal, including typical lengths of appeals, and pointed out language in SB 14A relating to specific appeal procedures.

Questions and discussion

376 JIM MANARY believed the important issue related to the "twoyear lag" and whether to give the refund to a whole class rather than just the petitioners. If given to the whole class, there possibly would be significant impact on local governments who would have to refund two years of taxes to the whole group rather than the specific petitioners.

Discussion

414 CHAIR BRIAN reiterated that staff would develop language on voter information, and he asked staff to continue discussion about "Scope" as an

urban renewal issue.

421 JIM SCHERZINGER said the next issue "Scope" whether or not to limit the kinds of things local governments can ask for, or limit them to specific periods of time or specific plans. Exhibit 9
Questions and discussion

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002 Questions and discussion continued concerning the issues to be

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resolved in SB 14A concerning urban renewal issues. Exhibit 9

037 JIM SCHERZINGER discussed a provision of the ORS (457.452 sub 2) in SJR 10A related to "the principal and interest on indebtedness which the portion of taxes is irrevocably pledged for payment is fully paid....without regard to the limitations." This has to do with notification of the assessor when there is enough money in an urban renewal fund to take care of the existing indebtedness.

Questions and discussion of the mechanisms of urban renewal projects.

137 JIM SCHERZINGER clarified terminology related to urban renewal districts.

Questions and discussion

162 CHAIR BRIAN wanted to explore the issue of partial release of value of specific property located within an urban renewal district. Members discussed examples of why this might happen and why urban renewal district regulations should be changed.

Questions and discussion

252 JIM SCHERZINGER discussed the effects of compression on the non-school side (related to Measure 5) of urban renewal district levies. He also mentioned the effects when a location is not under compression.

Questions and discussion

272 CHAIR BRIAN discussed the issues to be resolved in SB 14A.

285 REP. CARTER wanted voter language to be as concise as possible that clarifies whether or not it was possible to incur bonded indebtedness outside the Measure 5 limit.

Discussion

317 CHAIR BRIAN summarized members view that a time limit on urban renewal projects should be imposed.

321 JIM SCHERZINGER explained the different levels of the "scope" issue: The scope of the vote itself, the scope of the ability to use tax increment financing within a plan (which does have limits

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on bonded indebtedness within the plan, as previously legislated), and then the term of the plan itself.

Questions and discussion about the issuance of bonds

343 JIM SCHERZINGER talked about what is currently needed for an urban renewal plan that uses tax increment financing: A total dollar limit or a date limit has to be imposed on the amount of bonded indebtedness that can occur within the plan. There is, however, no time limit or dollar amount on the existence of the plan apart from bonded indebtedness, and no limit has yet been established on the vote.

359 REP. WHITTY stressed that he wanted to include a time frame on any urban renewal plan.

Questions and discussion

387 CHAIR BRIAN related that staff would lay out clearly the existing provisions related to urban renewal districts, and then have the Subcommittee determine what changes they might like to make.

Discussion

TAPE 47 SIDE A

002 Discussion continued about imposing time limits of urban renewal projects.

020 CHAIR BRIAN closed the Work Session on SB 14A and reopened the Work Session on HJR 59.

027 STEVE BENDER mentioned another issue in HJR 59 about the election date, and identifying the election date in SB 357. SB 357 would have to be amended, and Legislative Counsel will discuss that issue. Exhibit 9

043 TED REUTLINGER addressed the question of what needs to happen to SJR 357 so that HJR 59 can be referred at the special election. Either SJR357 had to be amend to mention a reference to HJR 59, or, alternatively, create a new, special elections bill. This is because there is no regularly scheduled state-wide election in oddnumbered years. He discussed other issues that had to be resolved to create an election.

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Questions and discussion

106 CHAIR BRIAN said SB 357 would be amended to accommodate HJR 59.

Discussion

135 JIM SCHERZINGER discussed the danger of the election bill (SB 357) getting ahead of the resolution itself (HJR S9). Specific time lines must be determined, but there isn't a guarantee that HB 59 will be passed on time.

Questions and discussion

160 CHAIR BRIAN asked members to review the amendments HJR 59-5. Exhibit 9

190 CHAIR BRIAN indicated that the amendments HJR 59-5 were found satisfactory to the representative of the Oregon Wine Advisory Board (BILL NELSON).

192 MOTION

REP. WHITTY moved the amendments

HJR 59-5 to HJR 59.

DISCUSSION

212 ORDER There being no objection, CHAIR
 BRIAN so ordered.

214 MOTION REP. WHITTY moved HJR 59 to the
 full committee with a do-pass
 recommendation.

NO DISCUSSION

220 ORDER There being no objection, CHAIR
 BRIAN so ordered.

218 CHAIR BRIAN adjourned the hearing at 10:58.

Paula K. McBride, Committee Assistant
Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Continuum of Alcohol, Tobacco and Other Drug Services, Jeffrey Kushner, Department of Human Resources.
2. Memorandum to Subcommittee on Property Taxation, from Jeffrey Kushner, Department of Human Resources, on HJR 59, 3/10/93.
3. Definition of "prevention" and "education," Jeffrey Kushner, Department of Human Resources.
4. Distribution of Revenue from Alcohol-Related Taxes & Fees, 199395, in Millions of Dollars, Jeffrey Kushner, Department of Human Resources.
5. Testimony from KC Humphrey, Traffic Safety Division, Oregon Department of Transportation.
6. Budget of Oregon Wine Advisory Board, Bill Nelson, Oregon Wine Growers' Association,
7. SB 14-A9, Jim Scherzinger, Legislative Revenue Office.
8. Urban Renewal Subcommittee Issues, Jim Scherzinger, Legislative Revenue Office.
9. HJR 59-5, Steve Bender, Legislative Revenue Office.

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