

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

JULY 29, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair Representative John Schoon, Vice Chair Representative Ron Adams Representative Tom Brian Representative Mike Burton Representative Margaret Carter Representative Tony Federici Representative Fred Girod Representative Gail Shibley Representative Greg Walden Representative Jim Whitty

Witnesses Present: Representative Dave McTeague, District 25 Mike Grainey, Assistant to the Director, Department of Energy Speaker Larry Campbell, District Patricia McCaig, Chief of Staff, Governor's Office Jeffrey Kushner, Assistant Director, Oregon Department of Human Resources Hillary Larsen, Director, Buckley House Programs, Eugene; President, Alcohol and Drug Program Directors Association of Oregon Bobbie Mitchell, Eugene Bill Wilkins, Eugene Rodney Page, Executive Director, Ecumenical Ministries of Oregon

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakerts exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance July 29, 1993 Page 2 Witnesses (cont.) Nancy Anderson, Program Manager, Addictions Recovery Association, Ecumenical Ministries of Oregon Bonita Adams, Portland Richard Harris, Program Manager, Central City Concern Keith Burns, Valley Wine John Powell, Miller Brewery Company Mark Nelson, Anheuser-Busch Company Marjorie Lowe, State Budget & Management Division Judy Varner, Women's Commission on Alcohol and Drug Issues of Oregon Iris Martinez, Counselor Ann Uhler, CODA Vietta Helmle, MidValley Women's Crisis Service, Salem; Legislative Committee Chair, Oregon Coalition Against Domestic and Sexual Violence Frank Smith, Executive Director, Harmony House Incorporated Hubert Evans, Rainbow Coalition, Oregon Sandra Bishop, Wine Institute Representative Frank Shields, District 16 Rosanna Creighton, Executive Director, Citizens for a Drug-Free Oregon Mark Huston, Manager, Business & Finance, Oregon Economic Development Department Jon Jaqua, Manager, Business Development Division, Oregon Economic Development Department Bob Cantine, Association of Oregon Counties Michael Sykes, Chairman, Columbia County Board of Commissioners Brent Gunderson, President, Oregon Solar Energies Industry Association; President, Sun, Wind and Fire Company, Portland Tom O'Connor, Oregon Municipal Electric Utilities Staff: James Scherzinger, Legislative Revenue Officer Steve Bender, Legislative Revenue Office Steve Meyer, Legislative Revenue Office Richard Yates, Legislative Revenue Office Paula McBride, Committee Assistant - House Committee on Revenue and School Finance July 29, 1993 Page 3

TAPE 212 SIDE A 006 VICE CHAIR SCHOON called the meeting to order at 8:15. 007 VICE CHAIR SCHOON opened the Public Hearing on SB 13B. 011 DICK YATES explained that SB 13B dealt with programs administered by the Department of Energy. The first centered on a residential tax credit for the installation of an alternative energy device, and the second was for a business energy tax credit. He discussed the original bill as it came from the Governor's budget, which recommended that both credits be

reduced by 15%. He mentioned changes to SB 13 that had been done by the Senate House Revenue and School Finance Committee, and he delineated the provisions of SB 13B as it had come to the House Committee. Exhibits 13 043 REP. MCTEAGUE talked briefly about his work to create the solar "Residential Tax Credit" in past sessions, and he believed that the energy-awareness that was prevalent during that time, which has diminished, will return. He mentioned energy and environmental problems that already occur and probably will worsen. He believed that the exploration of "solar energy" will expand. He thought the solar credit was up for sunset and review during the 1995 Session, but SB 13B will move that date up. He talked about what previous committees had done with the bill, and he thought it was unfair to "attack" this tax credit and industry when a thorough examination had not been done on other tax credits, especially much bigger ones. He wondered why the "Residential Tax Credit" had been targeted when the "Business Energy Tax Credit" part had been removed from the bill, and thus not changed. He urged members not to "single out" this participate industry, which he believed was an important one. Questions and discussion 136 MIKE GRAINEY responded to the question of why in SB 13 the business credit was not changed when the residential credit was, specifically in relation to the financial impact. He informed members that the business tax credit had a cap, whereas the residential one did not. Questions and discussion 158 MIKE GRAINEY related that the decision to lower the cap on the energy tax credits was driven by budget issues within the

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Department of Energy (DOE), and that the credits was the only budget impact DOE had on the General Fund. Questions and discussion with the witnesses 197 MIKE GRAINEY pointed out that the last page of his handout had a summary of the provisions of SB 13B. Exhibit 4 Questions and discussion 228 MIKE GRAINEY explained how the energy tax credit programs work. He specifically discussed Section 7 of SB 13B, related to "rental housing weatherization," a tax credit that businesses could take. Exhibit 4 Questions and discussion 314 MIKE GRAINEY clarified that the "rental housing weatherization" tax credit would be given for "investing in conservation measures that people would not have to do otherwise." He stressed that the DOE would not provide a credit for anything that was required by law. Most rental housing were built before energy codes had changed. Questions and discussion 340 MIKE GRAINEY reiterated that there were two programs covered by SB 13. The first related to "alternative energy devices" for residences. The second funded primarily "energy conservation" measures and "renewable resources" for businesses. Questions and discussion 378 MIKE GRAINEY justified why the Department of Energy (DOE) was willing to cut the energy tax credit programs when they were, in his view, "excellent programs." Questions and discussion 391 MIKE GRAINEY continued to address the issue of why the DOE wanted to reduce the "solar tax credit." He believed not many people would be lost from the program because the reduction was not significant. Questions and discussion

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TAPE 213 SIDE A 002 Questions and discussion continued with MIKE GRAINEY concerning SB 13B and its impact on the industry related to energy conservation. 089 MIKE GRAINEY explained why the DOE had decided to cut the energy tax credit for residences rather than putting a cap on that credit. Questions and discussion 113 MIKE GRAINEY addressed the issue of removing "nonessential" or luxury items (e.g., hot tubs) from the "residential tax credit" and leaving the "essential" items (e.g., water heaters). He thought about 1/3 of the solar systems sold were for the luxury items, and he didn't know what the financial impact of eliminating them from the credit. 140 REP. MCTEAGUE concurred that a large portion of the solar energy industry related to so-called "luxury" items. He was not against at reevaluating the policy questions in this tax credit program, of which this would be done, but he urged members to just not single out one particular industry when reducing or eliminating tax credits. Questions and discussion 188 VICE CHAIR SCHOON recessed the meeting at 8:57 and reconvened at 1:13. 192 VICE CHAIR SCHOON opened the Public Hearing on HB 2234. 184 SPEAKER CAMPBELL testified in support of HB 2234, a bill that would increase the tax on beer and wine. He believed there was "no other tax more important than this one." He shared instances with the members about relationships effected by drug and alcohol abuse, which he believed was the most serious problem amongst people in the country today and effected "nine out of ten families." HB 2234 did not just represent another tax; rather, this bill would be "a recognition of the tremendous problems caused by drug and alcohol abuse in Oregon." He believed HB 2234 would not raise enough revenue to eradicate the problems, but he thought it was an important start. He related that the Senate had guaranteed the passage to the voters of HJR 59 once the House had passed HB 2234; HJR 59 would dedicate the revenues from the beer and wine tax,

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which was not currently being done. He discussed the amendments HB 2234-3, which he recommended. Exhibit 5 Questions and discussion 322 JIM SCHERZINGER referenced a handout that listed other states and their beer/wine taxes. Questions and discussion 352 SPEAKER CAMPBELL explained that the revenues from the tax on beer and wine currently being collected will continue to be distributed as they have been. It will be only the addition tax required from HB 2234 that will be distributed differently. He mentioned the relevancy of HB 1126 and HJR 59 to the utilization and distribution of the additional revenue from HB 2234. Questions and discussion 376 JIM SCHERZINGER confirmed that HB 2234 would raise \$15 million additional dollars for the programs about which SPEAKER CAMPBELL supported. He explained the ramifications of HJR 59. Exhibit 8 313 SPEAKER CAMPBELL clarified that hard liquor revenues were distributed "mostly to local governments and used mostly for programs other than alcohol and drug abuse." The state's portion of this revenue goes to the General Fund. Questions and discussion

TAPE 213 SIDE B (NOTE: TAPE ORDER OUT OF SEQUENCE DUE TO DIFFICULTIES WITH RECORDING MACHINE.) 004 PATRICIA MCCAIG testified in support of HB 2234, which the Governor had introduced. She talked about the revenues that would be raised by the bill, and she mentioned the amount of revenue that was already put into drug and alcohol related programs in Oregon, which came from the General Fund. She reviewed the distribution

of the tax on beer and wine that already existed, and how that distribution would be changed by HJR 59. Questions and discussion 040 PATRICIA MCCAIG wrote information on the white board about the distribution of the revenue from the beer and wine tax, and the

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changes that would result from HB 2234. Exhibit 8 Questions and discussion 128 JEFFREY KUSHNER addressed the issue of how the revenue raised by HB 2234 would be expended, but he insisted that he couldn't be absolutely sure until the level of revenue raised was known. He referenced a handout that listed drug and alcohol abuse programs on a "wait list" for increased funding, and had brief descriptions of these programs. Exhibit 9 Questions and discussion 157 JEFFREY KUSHNER thought that HB 2234 might provide "treatment capacity" for approximately 3000 adults and 300 young people now on a waiting list for treatment, including residential treatment. Exhibit 10 Questions and discussion 186 JEFFREY KUSHNER provided information about the treatment that would be provided with revenue from HB 2234 for women, specifically for pregnant women. Exhibit 10

Questions and discussion 250 JEFFREY KUSHNER addressed the issue of centralizing the fund for drug and alcohol abuse in Oregon, which HB 2234 would do. He stated that all treatment was done on the local level, not the state level, and that the Office of Alcohol and Drug Abuse Programs was "strictly a planning agency and contracting agency. He explained the procedural details of funding for the local programs. Questions and discussion 287 JIM SCHERZINGER again referenced the "Revenue Analysis" for HB 2234 in response to a question about the revenues the bill would raise. Exhibit 7 Questions and discussion 305 JEFFREY KUSHNER outlined the program priorities for funding with revenues from HB 2234, starting with the two "benchmarks" for adolescents and for pregnant women and women with dependent children. Exhibit 10 Questions and discussion

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349 JEFFREY KUSHNER summarized his testimony that was given to members, specifically about his support for HB 2234. Exhibit 10 Questions and discussion with JEFF KUSHNER and PATRICIA MCCAIG related to the amount of tax should be put on beer and wine products in Oregon (references made to Exhibit 11, entitled "Tax Per Gallon on Beer (Excluding sales tax where applicable)").

TAPE 212 SIDE B* (NOTE: TAPE ORDER OUT OF SEQUENCE DUE TO DIFFICULTIES WITH RECORDING DEVICE.) 015 VICE CHAIR SCHOON recessed the meeting at 2:03 and reconvened at 3:03. He continued the Public Hearing on HB 2234. 024 HILLARY LARSEN described her organization. She discussed funding that effected drug and alcohol programs across the state and the costs involved in her particular program. She stressed that she would be unable to meet the needs of her clients on just the amount of money they charge individuals for participation in the program. She described the

conditions and complaints people bring to her program, and the types of professions she needed to hire to help in the treatment of those people. ~ . 067 HILLARY LARSEN addressed the issue of child abuse by parents addicted to either drugs or alcohol, or both. She cited various real-life situations that have occurred in the state. She urged members to realize that if a person had been arrested for child abuse, he/she would have to be put on a waiting list for treatment because there weren't any programs available currently. She asked members to think about the lives of women and men and children who could be helped with additional resources. 098 BOBBIE MITCHELL talked about her addiction to drugs and alcohol, and her experience with state systems and programs that helped her achieve sobriety. She described the personal skills she was taught in treatment to deal with life's situations, and she urged members to remember the lives that can be saved with substance abuse programs. 127 BILL WILKINS described his life both before and after treatment for the abuse of drugs and alcohol. He also talked about other veterans in Oregon who need treatment, many of which will end up in prisons if they don't receive help. 158 RODNEY PAGE testified in support of HB 2234, believing it was

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one of the most important bills of the Legislative Session. He talked about a program for addicted women, which was the first "women and children's recovery house in the state of Oregon," and another that was for pregnant addicted women. He explained to members how these programs were financed, and how the financial support has never been enough to help all those who want treatment. He urged members to support HB 2234 "with their consciences and hearts." Exhibit 12 186 NANCY ANDERSON described the program run by Ecumenical Ministries of Oregon for addicted pregnant women. She related that each woman in the program was connected to other state programs that they need to achieve recovery. Exhibit 12 221 BONITA ADAMS talked about her experience with the residential program run by Ecumenical Ministries and about her addiction. She urged members to support any legislation that would create more facilities like the one to which she had access. Exhibit 12 253 RICHARD HARRIS testified in support of HB 2234. He explained that his organization ran alcohol and drug treatment services in low income housing. His testimony was verbatim through most of the first page of his handout. He also spoke about the potentially dangerous consequences for addicted people to have to wait for treatment. He spoke about a "hotel" for homeless in Portland, and about treatment for drug and alcohol addiction that was available to them. However, he stressed that residential treatment was not available throughout the state, and there were certainly not enough programs that included treatment for entire families. He sympathized that it was becoming more difficult to raise revenue for addiction treatment, but he believed it was logical to tax "users" to support drug and alcohol abuse programs. He stressed the importance for Oregon to have a tax structure based on good social goals, and he thought HB 2234 would move the state toward that position. Exhibit 13 Questions and discussion TAPE 214 SIDE A 002 Questions and discussion continued between members and RICHARD HARRIS. 028 KEITH BURNS expressed sympathy for the problems Oregonians have with addiction, but he believed the state should be held

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accountable, more than the beer and wine industries, because of the profit they make from hard liquor. He discussed the expenses wine companies have to pay, which account for almost 50% of the gross profit of the industry. He cited that Oregon would have be the sixth highest tax on beer and wine in the country if HB 2234 were approved, and he believed that the Oregon wine industry was already "adequately taxed." He also discussed the effect an additional tax would have on in terms of competition for Oregon wineries. He believed another source of revenue should be developed to treat the tremendous problems associated with addiction in Oregon, and he judged that this serious issue should have been addressed earlier in the session. Questions and discussion 145 JOHN POWELL opposed the tax increases in HB 2234 "for a number of reasons," specifically because the bill violated the legislative process by forcing members to be "the Ways and Means Committee and the Revenue Committee all at once." He thought all questions related to funding and adequacy of treatment programs in Oregon already in existence in Oregon had not been addressed, and should be addressed before additional taxes were approved. He spoke to what he believed was the "regressive" aspect of taxes on beer and wine, based on a bad policy of funding specific programs. Questions and discussion 226 MARK NELSON talked about previous testimony before the House Revenue Committee in relation to the sales tax, specifically that the beer and win industry had not asked for an exemption from that proposed tax based on the understanding that no other taxes would be assessed on his industry. He felt strongly that treatment programs should be supported by a "broad-based type of tax, from the General Fund." He mentioned the Federal tax increases on beer two years ago, and how his industry was always having to deal with increased "excise" taxes. He said the Governor's proposal to raise the tax on beer by a nickel a drink represented a massive increase in taxes for beer in Oregon, and he provided figures to support that argument. Questions and discussion 278 MARK NELSON cited figures related to how much the State was collecting in terms of "alcohol taxes." He also gave some statistics about how much of that tax money "found its way" to treatment programs in Oregon. He believed that the Governor's

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budget was based on the theory that it was easier to increase taxes especially "sin" taxes, than to look at how currently-collected revenue was really being spent in Oregon. 329 MARK NELSON referred to SB 1126 and discussed its relationship to HB 223 4-3 to supported his position that HB 2234 would permit the use of the tax increase for much broader purposes than drug and alcohol treatment. Exhibit 14 Questions and discussion 394 MARK NELSON stressed that he opposed HB 2234 because the state was currently using only \$11 million out of \$71 million derived from alcohol-related taxes for treatment programs. He thought it was unfair to impose a new tax when those already collected were not dedicated. He thought that if the programs were really important to the Governor, the existing tax dollars should be reallocated. Questions and discussion TAPE 215 SIDE A 002 Questions and discussion continued with HB 2234 MARK NELSON and JOHN POWELL. 025 JOHN POWELL believed there

were two separate issues with HB 2234: The first related to the fact that there was a limit to how much a state could tax a particular product; and the second was that it was not rational to tie programs with specific sources of funds, particularly when the Federal Government can raise the same taxes for the same or other programs. He stressed that it was "bad tax policy" to "tax a commodity of any kind and direct it directly to any kind of program." 061 MARK NELSON believed that there was "no maintenance of effort required" by substance abuse programs already funded by the state if they were to receive more revenue from HB 2234. That is, he thought programs were not held accountable for the funding they received from the state. Discussion 118 MARJORIE LOWE related that department budgets moving through the Ways and Means process "eliminated any potential backfill from

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this revenue source" (e.g., from HB 2234). That is, alcohol and drug program services were protected from reductions if HB 2234 didn't pass, but she believed there were not resources in the process to address the tremendous unmet needs of these services in the state. Discussion 144 JUDY VARNER discussed Women's programs in Oregon, and she supported the "nickel a drink" legislation (HB 2234). She explained the kinds of skills women were taught in various treatment programs, and she cited statistics about successful treatment in the specific program she represented. 210 IRIS MARTINEZ testified in support of HB 2234, and she talked about her experience as an Hispanic counselor in the field of drug and alcohol addiction. She pointed out the relationship of poverty to addiction, and about what she thought had to be done to help these clients, specifically to help them develop alternative behavior and coping mechanisms amongst minorities. She urged members to pass HB 2234. 277 ANN UHLER briefly discussed her treatment programs, both residential and outpatient, in Portland, and she presented statistics about the woman who have participated in those programs. Specifically, she talked about women being able to keep their children in treatment rather than separating them and putting the children into foster homes or with other relatives. Although additional revenue was necessary to accomplish this goal, she believed this type of residential treatment was both effective and necessary. Questions and discussion 318 ANN UHLER discussed the cost of the residential treatment program her organization ran for women with children. She mentioned the cases of two women who wanted to testify but were working. She wanted members to understand the situations of these two women to realize the importance of raising additional funds for drug and alcohol abuse programs that treat women and their children, which she believed would be an investment in the future of Oregon. 349 VIETTA HELMLE discussed two specific points. The first was the relationship between battering of women and children and problems with drug and alcohol abuse. Therefore, she supported the

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idea of creating a link between domestic violence services and substance

abuse services. This link also would address her second point which was that often women who have been battered were, themselves, alcohol or drug abusers. Exhibit 16 379 FRANK SMITH talked about his organization, the primary purpose of which was to provide services to the "disaffiliated alcohol and drub users." He believed that drug and alcohol abuse was directly related to poverty and, especially, homelessness. He stressed that alcohol and drug addiction effected "practically everything the county, city, and state does," and that addiction was "out of control internationally." He mentioned the "tools for sobriety" given to clients who go through the programs run by his organization. He told members that "70% of the alcohol purchased was used by 30% of the drinkers," and he thought of the tax increase in HB 2234 as a "user fee."

TAPB 214 SIDE B 002 FRANK SMITH continued his testimony in support of HB 2234. 027 HUBERT EVANS thought members already understood what was needed for the problems associated with drug and alcohol addiction in Oregon. One problem he thought hadn't been addressed in this area was getting people in treatment "scholarships" to help them attain their own sobriety. He thought the strength of any program in Oregon was getting people who were in treatment programs also involved in creating solutions to the problems of addiction in society. He also spoke about discrimination and how it was more difficult for people of color to get into the treatment programs that do exist in Oregon. Minorities often end up in the Corrections system rather than getting help with their addictions. He supported HB 2234, but he stressed that it was not the final solution to addition problems. 093 SANDRA BISHOP testified in opposition to HB 2234, discussing two main points. The first centered on a belief that any revenues from a tax on wine should do directly to the General Fund, rather than to be specifically dedicated to particular programs. The second related to the lack of accountability for the revenue already derived from taxes on beer and wine in Oregon, a large percentage of which was not dedicated currently to drug and alcohol treatment programs in Oregon. Although her organization had never opposed a reasonable increase in the tax on wine, she asked members

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to take into consideration the 1990 Federal tax that increased from 17 cents to \$1.07. Questions and discussion 150 REP. FRANK SHIELDS urged members to pass HB 2234 to "at least let us talk about this on the House Floor." He believed that "public opinion overwhelmingly supports increasing taxes on alcohol beverages," and he cited statistics supporting this position. 184 ROSANNA CREIGHTON talked about previous legislation supported by her organization, and she reminded members that revenues from HB 2234 would be used for prevention in addition to treatment. She informed the audience that "public policy was determined 17 years previously when the Oregon Legislature determined that the beer and tine tax would be used to help fund prevention and treatment programs," contrary to testimony from representatives of the beer and wine industry. However, she stressed that the need has always exceeded the funding for prevention and treatment programs. 212 REP. CARTER thought it was a reasonable issue to wonder why hard liquor hadn't been

included for the proposed tax in HB 2234, and she thought more attention should be given to this. Discussion 226 REP. WHITTY made observations about current programs in Oregon, and whether or not adequate research had been accomplished about the effectiveness of these programs. He believed it was the intention of the Interim State Audit Committee to "find out if the money we are spending now is being well spent in these programs." He said he wouldn't support an increase in the tax on either beer or wine until "he found out if the money we are spending now was doing a good job out there." He commented on statements made in a handout by one of the witnesses (see Exhibit 13). 281 JEFFREY KUSHNER cited statistical data about the effectiveness of programs in the treatment programs for drug and alcohol abuse in Oregon, programs that have been praised by national figures. Questions and discussion 331 JEFFREY KUSHNER believed that there were many programs in Oregon that addressed the issue of "prevention of addiction." He also commented about the issue of performance evaluations for treatment programs.

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TAPE 215 SIDE B 022 VICE CHAIR SCHOON asked the Committee to stand at ease at 4:55. 026 VICE CHAIR SCHOON called the Committee back to order at 4:59. 027 JIM SCHERZINGER explained why SB 986A had to come back to Committee, reasons related to bills HB 2500 and HB 2437, and to the school distribution formula.

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053 MOTION VICE CHAIR SCHOON moved to reconsider the motion by which the full House Committee passed SB 986A. NO DISCUSSION 055 ORDER There being no objection, VICE CHAIR SCHOON so ordered. 057 VICE CHAIR SCHOON opened the Work Session on SB 986A. 058 JIM SCHERZINGER explained the amendments SB 986-A10, which incorporate into the bill the changes he believed were needed and which he had discussed above (on lines 7-13 on page 1). Questions and discussion 090 MOTION REP. ADAMS moved to adopt the amendments SB 986-A10 to SB 986A. 093 ORDER There being no objection, VICE CHAIR SCHOON so ordered. 093 MOTION REP. ADAMS moved SB 986A as amended to the House Floor with a do-pass recommendation. NO DISCUSSION 096 VOTE The motion passed 7-0. Ayes: REPS. FEDERICI, GIROD, SHIBLEY, ADAMS, BURTON, CARTER, and VICE CHAIR SCHOON. Excused: REPS. WALDEN, WHITTY, BRIAN, and

CHAIR JONES. 109 VICE CHAIR SCHOON opened a Work Session on HB 3686.
110 MOTION REP. SHIBLEY moved to conceptually amend HB 3686 as follows: Delete Sections 4 and 5 from HB 3686, and make adjustments throughout the bill as necessary.

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DISCUSSION 122 REP. SHIBLEY discussed the rationale for her motion, related to property tax exemptions for land. Questions and discussion 153 STEVE MEYER addressed the issue of local government previously requesting "revenue sharing" in HB 3686, and he believed a working group would report to the members on this and other issues which they had been directed to resolve. Discussion 174 MARK HUSTON explained that the bonds that would be approved by HB 3686 were commonly known as "passed-through revenue bonds" or "conduit revenue bonds," and that OEDD had issued these types of revenue bonds since 1975 in Oregon for smaller manufacturing companies. He believed there would be no liability risk to the state for the bonds issued from HB 3686. Questions and discussion 240 JON JAQUA said one of the issues resolved by the counties, cities, and OEDD was that the figure in HB 3686 should be changed from \$50 million to \$100 million in relation to "the distressed community issue." That would make HB 3686 related to only three projects. He referred to information on a list of OEDD projects. Exhibit 18 Questions and discussion 293 JON JAQUA referred to proposed amendments to HB 3686. He discussed income tax and property tax issues related to HB 3686, and said resolutions were contained in the conceptual amendments from OEDD, which he explained. He believed the Association of Oregon Counties and the League of Oregon Cities supported these amendments. Exhibit 19 Questions and discussion 396 BOB CANTINE further explained the conceptual amendments presented by OEDD to HB 3686, related to arrangements between companies and local government. Questions and discussion

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TAPE 216 SIDE A 002 Questions and discussion continued with BOB CANTINE. 018 MOTION REP. SHIBLEY moved the previous question. NO DISCUSSION 022 ORDER There being no objection, VICE CHAIR SCHOON so ordered. 023 VICE CHAIR SCHOON restated the motion for HB 3686 and its purpose. DISCUSSION 033 VOTE The motion failed 2-4. Ayes: REPS. BURTON and SHIBLEY. Nays: REPS. GIROD, FEDERICI, ADAMS, and VICE CHAIR SCHOON. Excused: REPS. WALDEN, WHITTY, BRIAN, CARTER, and CHAIR JONES. Questions and discussion 045 BOB CANTINE and JON JAQUA explained the conceptual amendments for HB 3686 agreed upon by the cities, counties, and OEDD. Exhibit 19 143 REP. ADAMS summarized what he thought the amendments changed in HB 3686. Exhibit 19 Questions and discussion 173 VICE CHAIR SCHOON asked members for their comments about the proposed amendments to HB 3686. (Exhibit 19) Discussion 211 JON JAQUA supported a billion dollar cap in HB 3686, but he said he "would feel better" with a \$2 billion cap. 215 Questions and discussion concerning the provisions of HB 3686 related to the percentage of employees that must be from Oregon for

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a company to qualify for revenue bonds. 342 MICHAEL SYKES agreed with a proposed 75% rate for Oregon employees for companies who would qualify for revenue bonds under HB 3686. He spoke about unemployment in his district. 346 VICE CHAIR SCHOON asked for consensus for the 75% figure. There was consensus. Discussion 363 MOTION VICE CHAIR SCHOON moved to adopt the conceptual amendments in Exhibit 19, plus to delete the amount on page 1' line 29 and elsewhere in the bill; use of the term "fifteen years" on page 2. DISCUSSION 390 WITHDRAWN MOTION VICE CHAIR SCHOON withdrew his motion. 392 VICE CHAIR SCHOON asked staff to have Legislative Counsel draft the proposed OEDD amendments into HB 3686, which will then be further considered by the Committee. He asked members if they had additional questions for the witnesses about HB 3686. Questions and discussion 415 VICE CHAIR SCHOON asked members for consensus for language to be inserted in HB 3686 that would create a cap for revenue bonds of \$2 billion. There was consensus. Discussion 430 VICE CHAIR SCHOON closed the Work Session on HB 3686. 434 VICE CHAIR SCHOON opened a Public Hearing Session on SB 13B.

TAPE 217 SIDE A 002 BRENT GUNDERSON testified in opposition to SB 13B as it was currently written, and he thought this bill would cause "a slow

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death spiral" of the solar industry in Oregon. He explained the reasons for his concern. He cited the number of solar systems that have qualified for the tax credit, and about the low profit the industry makes on each unit. He believed that "everyone in the country who was interested in solar energy thought Oregon was very advanced" in encouraging this industry, and he talked about tax credits in other states. He encouraged members to delete Section 1 from SB 13B. Questions and discussion 105 MIKE GRAINEY believed that SB 13B would still be "helpful" even if Section 1 were deleted. 108 VICE CHAIR SCHOON closed the Public Hearing on SB 13B and opened the Work Session on SB 13B. 104 MOTION REP. SHIBLEY moved to amend SB 13B by deleting Section 1. DISCUSSION 115 ORDER There being no objection, VICE CHAIR SCHOON so ordered. 217 Questions and discussion continued with MIKE GRAINEY about the intent and language of SB 13B concerning alternative fuel vehicles and fueling stations. 226 REP. BURTON wanted to know why the Committee should pass SB 13B. 231 MIKE GRAINEY enumerated the provisions of SB 13B that he considered important. Questions and discussion 253 TOM O'CONNOR believed the "Business Energy Tax Program," related to rental housing, had always been an important one for utilities, and he mentioned language in SB 13B that would allow the credit to be applied to more low-income rental projects in Oregon. He supported SB 13B. Questions and discussion concerning SB 13B

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291 MOTION REP. SHIBLEY moved to conceptually amend B 13B in the following way: On page 4, restore bracketed material on lines 23-24; on line 24, delete the words "alternative fuel fleet vehicles, and." Then delete the word "those" and insert "alternative fuel fleet." NO DISCUSSION 354 ORDER There being no objection, VICE CHAIR SCHOON so ordered. 356 VICE CHAIR SCHOON read the conceptual amendments in SB 13B. Discussion 373 MOTION REP. SHIBLEY moved SB 13B as conceptually amended to the House Floor with a do-pass recommendation. DISCUSSION TAPE 216 SIDE B 004 DISCUSSION (of the MOTION continued) 022 VOTE The motion passed 7-1. Ayes: REPS. SHIBLEY, WALDEN, ADAMS, BURTON, CARTER, FEDERICI, and VICE CHAIR SCHOON. Nays: REP. GIROD. Excused: REPS. WHITTY, BRIAN, and CHAIR JONES. 025 VICE CHAIR SCHOON conducted administrative business. 033 VICE CHAIR SCHOON adjourned the meeting at 6:22.

Paula K. McBride, Committee Assistant

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EXHIBIT SUMMARY 1. Staff Measure Summary, SB 13-B, Dick Yates, Legislative Revenue Office. 2. Revenue Analysis of Proposed Legislation, SB 133-B, Dick Yates, Legislative Revenue Office. 3. Fiscal Analysis of Proposed Legislation, Roz Shirack, Legislative Fiscal Office. 4. Testimony of Mike Grainey, Oregon Department of Energy. 5. HB 2234-3, Speaker Larry Campbell. 6. Table 37: State Alcoholic Beverage Excise Taxes: Rates and/or Markup, and Method of Control, Control States, November 1992, Jim Scherzinger, Legislative Revenue Office. 7. Revenue Analysis of Proposed Legislation, HB 2234-3, Jim Scherzinger, Legislative Revenue Office. 8. Revenue from Beer/Wine Taxes: 1993-95 Projection, presented by Patricia McCaig, Governor's Office (produced by Legislative Revenue Staff). 9. Summary: Priority List for Proposed Increase in the Beer and Wine Tax, 93-95 Biennium, Jeffrey Kushner, Oregon Department of Human Services. 10. Testimony of Jeffrey Kushner, Oregon Department of Human Services. 11. Tax Per Gallon on Beer (Excluding sales tax where applicable), Jim Scherainger, Legislative Revenue Office. 12. Testimony of Rodney Page, Ecumenical Ministries of Oregon. 13. Testimony of Richard L. Harris, Central City Concern. 14. SB 1126A, Mark Nelson, Anheuser-Busch Company. 15. Testimony of Vietta Helmle, Oregon Coalition Against Domestic and Sexual Violence. 16. Letter from Richard R. Johnston, M.D., in support of HB 2234, Chair, Legislative Committee, Oregon Medical Association. 17. SB 986-10, Jim Scherzinger, Legislative Revenue Officer. 18. OEDD Large Projects Sorted by Total Investment, Jon Jaqua, Oregon Economic Development Department. 19. Amendments to HB 3686, Jon Jaqua, Oregon Economic Development Department. 20. Key Industries Development Program: Industry Development, Jon Jaqua, Oregon Economic Development Department.

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