

Public Hearing \* Work Session: HB 2551 Work Session: SB 546 Tapes  
220-221 A/B HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE JULY 31,  
1993 9:30 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: Phil Peach, Oregon Lodging Association B.J. Smith, League of Oregon Cities Bill Penhollow, Association of Oregon Counties John Merriss, ODOT

Staff: James Scherzinger, Legislative Revenue Officer Steve Bender, Legislative Revenue Office Terry Drake, Legislative Revenue Office Steve Meyer, Legislative Revenue Office Richard Yates, Legislative Revenue Office Paula McBride, Committee Assistant Sue Nichol, Committee Clerk  
TAPE 220 SIDE A 004 VICE-CHAIR SCHOON: called the meeting to order at 9:50. WORK SESSION ON SB 546 027 PHIL PEACH, Oregon Lodging Association: There are two sets of amendments.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance July 31, 1993  
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035 VICE-CHAIR SCHOON: The -4 amendments restore the bill to its original form. 040 PEACH: I haven't seen the -4 amendments. The ones that I've discussed would be to strike lines 7 through 9, the Senate Amendment allowing 50% retention, restoring the bill to its original form. 044 VICE-CHAIR SCHOON: The -5 amendments would prohibit local governments from imposing the tax on the private space. 064 PEACH: The -5 amendments would allow the state to preempt local governments from imposing the tax at all on the rental of camping or RV spaces. Our members are generally opposed to that because cities and counties would not be able to agree to the reduction in revenues. I believe Mr. Penhollow's testimony was about 12 or 13 counties that tax RV parks. The majority of them extend that tax to RV spaces. The other problem we have with this approach is that there would be pressure to make up these revenues by additional taxes on hotels and motels. We do not support the -5 amendments. 085 Would also have a problem with the -4 amendments because it excludes other facilities such as portowned facilities. We're looking for a consistent approach. 095 REP. BURTON: A problem I have is the question of precedent and constitutionality. The concept of requiring someone to tax bothers me. 108 VICE-CHAIR SCHOON: I asked legislative counsel about this. They said the state has supreme taxing authority. They said it's o.k. for the state to require a local government to impose taxes on its citizens. However, I'm still not so sure. 126 REP. FEDERICI: I'm just wondering if we couldn't reach the solution by combining the wording of the -A4 and A5 amendments. We could say something like, "A local government shall not impose a tax on the rental of privately owned camping or recreational vehicle spaces unless that local government shall also impose that tax on the rental of camping or recreational vehicle spaces that are owned by the State or a local government." 147 B.J. SMITH, League of Oregon Cities: Local government has general authority to tax itself through its charter. Some of

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the present ordinances that impose local hotel/motel taxes were imposed by the people through a vote. I think that may make a difference as you consider this issue. This bill would have the effect of changing some of these ordinances that have been put in by a vote of the people. 166 BILL PENHOLLOW, Association of Oregon Counties: Those nine counties that have adopted charters can address tax measures by action of their governing bodies if that provision is granted in their charter. That varies from county to county in those nine counties. The balance of the 27 counties are subject to ORS 203.035 and .055 which would require a vote of the people to impose a tax. The majority of those in place today have been imposed by a vote of the people. 190 PEACH: None of the ordinances specify the issue of publicly versus privately owned. The ordinances refer to the imposition of the tax upon transient lodging and/or RV spaces. Submits written testimony in support of SB 546-B from the National Federation of Independent Business (Exhibit A). 200 REP. FEDERICI: Did any hotel/motel taxes include camping and RV spaces also? 212 SMITH: Usually, what an ordinance will do is define what the facilities are. Most of the ordinances are not specific to say that it's a hotel or motel or recreational vehicle space. 223 REP. CARTER: What would the effect of the original bill with lines 7 through 9 eliminated? 230 SMITH: There would be no share back required to the jurisdiction that probably owns the publicly owned camping and recreational vehicle spaces. 239 REP. CARTER: What would be the effect of leaving it the way it is now? 242 SMITH: That would be my preference. The effect would be that we cannot tax the state. There would not be revenue produced from taxing state campground facilities in two cities. 247 PENHOLLOW: Our position was that we supported the withdrawal of the Senate amendments and returning to the original provisions of the bill. House Committee on Revenue and School Finance July 31, 1993 Page 4

212 REP. ADAMS: The original version said if you impose a tax, you have to impose it on both public and private; and leave any rebate up to the counties. 290 VICE CHAIR SCHOON: Closed the public hearing and opens the work session on SB 546. 300 REP. ADAMS: I would go back to the original bill, as introduced before the A-Engrossed. 321 NOTION: REP. JONES: Moves -4 amendments to SB 546. 323 VICE CHAIR SCHOON: Repeats motion. 327 CHAIR JONES: My understanding is that the intent of the drafting is to exclude the federally-owned camp spaces because we can't tax the federal government. I think a port would be a local government. 334 REP. CARTER: What would be the effects of the -4 amendments? 342 SMITH: It would require that a local government impose the tax on any publicly-owned camping or recreational vehicle spaces if privately-owned spaces are taxed. I don't know if the state statutes define what a "local government" is. I have a question about what a "vehicle space" is. I am concerned that vehicles spaces probably would not include the overnight RV spaces that are used in conjunction with things like the Pendleton Round-up and the Molalla Buckaroo because they are not really lodging facilities. 357 PEACH: We agreed with that. Occasionally a parking lot is rented out for RV's to park in and this does not cover that. My concern was whether ports were included in the definition of "local government." 390 VOTE: On a roll call vote, REPS. BRIAN, BURTON, FEDERICI, SHIBLEY, ADAMS, VICE CHAIR SCHOON and CHAIR JONES vote AYE. REP. CARTER votes NAY. REPS. GIROD, WALDEN and WHITTY are EXCUSED. 395 REP. SHIBLEY: With the language as it now reads, it is similar to the A-Engrossed version in the construct of that sentence. There was

concern that there may be an imposition only on camping spaces and not on RV spaces, and then you'd have to put one on both camping and RV spaces on the public House Committee on Revenue and School Finance July 31, 1993 Page 5 side. TAPE 221, SIDE A 005 CHAIR JONES: As I recall, the drafter indicated that if you imposed one, it would be imposed on the same like but not requiring that if you imposed them only on private camping that you'd have to impose them on public camping and recreational spaces. 010 REP. BRIAN: I thought the drafter concurred with Rep. Shibley's language that the distinction was necessary. 014 It looks like you could select R.V. spaces or camping. 018 REP. CARTER: Basically, we have negatively affected Mr. Peach's industry and negatively affected cities and counties by voting for the -4 amendments. 024 REP. SHIBLEY: I think it would be clear if we could break the -4 amendments into two sentences to read, "if a local government imposes a tax on the rental of privately owned camping spaces, the local government shall also impose that tax on the rental of camping spaces that are owned by the state or a local government. If a local government imposes a tax on the rental of privately owned recreational vehicle spaces, the local government shall also impose that tax on the rental of recreational vehicle spaces that are owned by a state or a local government. 035 REP. JONES: I have no problem if we want to amend my accepted draft. 040 PEACH: Camping and RV spaces are very similar businesses in our industry. I don't see any problems as adopted. 047 REP. ADAMS: This now does not include Silver Creek Falls? 050 PEACH: Yes, this does not include it; however, my preference is that it be included. 061 REP. JONES: I do not believe it is a problem that we can fix at this point. 068 MOTION: REP. SHIBLEY: Moves SB 546, as amended, to the floor with a DO PASS recommendation. House Committee on Revenue and School Finance July 31, 1993 Page 6

070 VICE CHAIR SCHOON: Repeats motion. 075 REP. BURTON: I'm going to vote against the bill because I still have this nagging problem about telling a government that it has to impose a tax. 075 REP. FEDERICI: I think that question could have been answered if we had looked at the language that I proposed that a local government shall not impose a tax on the private rental of spaces unless the local government also imposes it on the public-owned spaces. 078 VOTE: On a roll call vote, REPS. FEDERICI, SHIBLEY, WALDEN, ADAMS, BRIAN and CHAIR JONES vote AYE. REPS. BURTON, CARTER, WHITTY and VICE CHAIR SCHOON vote NAY. REP. GIROD is EXCUSED. REP. SCHOON serves notice of a possible minority report. 094 VICE-CHAIR SCHOON: Closes work session on SB 546. Also submitted for the record: - SB 546-A4 Amendments (Exhibit B) - Revenue Analysis of SB 546-4 (Exhibit C) SB 546-A5 Amendments (Exhibit D) - Staff Measure Summary on SB 546-A5 (Exhibit E) 096 CHAIR JONES: We need to recess and come back. 107 VICE-CHAIR SCHOON: Meeting recessed at 10:20. Meeting reconvened at 1:52. OPENS PUBLIC HEARING ON HB 2551 134 TERRY DRAKE: The amendments are to make two policy changes: it will extend the actual based weight mile schedules. The second change would be a two-year continuation of an existing policy dealing with sparsely populated rural counties that have very low revenues per road mile. Money from the highway fund is distributed to the counties with the lowest revenues per road mile. This is a continuation of existing policy. 183 MOTION: REP. BRIAN: Moves the -1 amendments to HB 255 1 with the correction to include the appropriate tables. 190 CHAIR JONES: Repeats the motion. House Committee on Revenue and School Finance July 31, 1993 Page 7

193 REP. BRIAN: This does extend an existing policy to help the smallest counties in our state until a more comprehensive plan is adopted by the state of Oregon. 200 CHAIR JONES: Closes public hearing on HB 2551. WORK SESSION ON HB 2551 206 REP. WALDEN: When we were

talking about the transportation plan, there was some discussion about weight/mile and the cost responsibility issue. How is the cost responsibility dealt with here? 215 REP. BRIAN: I think it's computed in, but I don't know. 218 DRAKE: In this schedule, we have picked up the revenue neutral rates that were in HB 2871. These rates are about 7% higher than cost responsibility rates would indicate. 228 CHAIR JONES: Isn't this accurate, if we do it like we have in the past? 233 DRAKE: Correct. This rate schedule will theoretically overcharge trucks 7% in the next biennium. 247 CHAIR JONES: Are these tables adjusted in relationship to the recent cost responsibility study? 252 JOHN MERRISS, ODOT: The numbers that will actually go in the tables when legislative council gets them corrected are a bit high for the truck share. It is a political decision to proceed in this manner. We update these cost responsibility studies every two years. We update our revenue forecasts every three months. Those numbers can fluctuate from one quarter to the next. 266 CHAIR JONES: You just did a cost responsibility study in the last two years to determine what they should be charged. What is it that makes this 7% higher than that cost responsibility study says it should be? 275 MERRISS: I can't answer that. 281 CHAIR JONES: We normally request changes in the rates that trucks pay in relationship to the cost responsibility study that has been done in the previous interim. Do these numbers House Committee on Revenue and School Finance July 31, 1993 Page 8

in this bill reflect the changes that relate to the cost responsibility study? If they don't, why not? 290 MERRISS: Based on the latest revenue forecast, they are approximately cost responsible. Based on the earlier set of forecasts, it would be about 7% too high for the truck rates in the amendments. 298 CHAIR JONES: Is that because your revenue forecasts are updated every quarter and your cost responsibility studies are done only every two years? 299 MERRISS: Correct. 300 REP. WALDEN: Is there any fluctuation in the quarterly reports that you get? 310 MERRISS: Yes. 312 REP. WALDEN: So is that why we have always relied on the twoyear study so that those ups and downs are averaged out? 314 MERRISS: Yes. 316 REP. WALDEN: So one quarter could shift this one way or the other? 318 MERRISS: Yes. 319 REP. WALDEN: We've never based public policy on one quarter before, have we? - 320 MERRISS: No. 320 CHAIR JONES: Are these based in the same way as we have based them in the past? 323 MERRISS: Yes, based on the two-year cycle for the cost responsibility studies, but based on the latest, March 1993, revenue forecast. So the answer is both. 327 CHAIR JONES: What if the next revenue forecast is lower? 332 MERRISS: It could go either way. 333 CHAIR JONES: If you were writing this bill in January, would House Committee on Revenue and School Finance July 31, 1993 Page 9 you bring in different amounts? 340 MERRISS: Yes. 345 REP. BURTON: Who made the political decision to have the rates 7% too high for the truck share? 351 MERRISS: Perhaps I misspoke. If you use the latest forecasts which are available at this time, then the rates that will go in the bill are approximately cost responsible. 361 REP. BURTON: How do you adjust these figures to get the dollar amount that you want? 365 MERRISS: With the March 1993 revenue forecasts, the repeal of the ethanol credit makes up the difference. 369 REP. BURTON: This doesn't make me comfortable about setting these rates on the basis of one quarter. 383 MERRISS: Things do change on a quarterly basis. 385 CHAIR JONES: Without the ethanol bill would this be different? 390 MERRISS: Yes. 391 REP. SCHOON: Does the latest cost responsibility study have any effect on the rates that we are going to put in this bill? 394 MERRISS: Yes, it did affect the rates we put in the tables. 400 REP. SCHOON: So how were the tables adjusted? 405 MERRISS: The weight/mile tax rates would have to be lower in order to balance. TAPE 220, SIDE B 003 REP. SCHOON: Were

the rates the same? 004 MERRISS: Yes. 017 REP. BRIAN: I think the reason that these are where they are is that they are going off the most recent data. The overpayment would have gone up because of ethanol, but would House Committee on Revenue and School Finance July 31, 1993 Page 10

have been moderated because of the credit. 021 CHAIR JONES: Do the tables reflect the credit? 023 MERRISS: No. 025 REP. BRIAN: Why didn't the revenues go up when the ethanol money came in on the auto side. 029 DRAKE: That was because we were out of wrack in the first place. 036 REP. SCHOON: It seems that the Department wanted to insure that they achieved a certain revenue figure. 042 MERRISS: The rates that you see in the bill now do reflect a decrease in the weight/mile tax rates. That was before the ethanol credit was passed. 047 CHAIR JONES: It doesn't reflect the ethanol credit change. 048 MERRISS: No. 049 REP. SCHOON: Why don't we use tables that will not cause the truckers to pay 7% more than necessary? 056 MERRISS: The newest figures say this will be revenue neutral. 060 REP. SCHOON: The extra 7% that the truckers are paying may have nothing to do with revenue neutrality. 073 MERRISS: The 1 to 1-1/2% reduction in revenues is close enough to zero to be considered to be zero. 070 CHAIR JONES: We are going to recess after the vote on the conceptual amendment. 087 VOTE: On a roll call vote, REPS. FEDERICI, GIROD, SHIBLEY, WALDEN, WHITTY, ADAMS, BRIAN, BURTON and CHAIR JONES vote AYE. REPS. CARTER and SCHOON vote NAY. 096 CHAIR JONES: Closes work session on HB 2551. Also submitted for the record: - HB 2551-1 Amendments (Exhibit F) - Staff Measure Summary on HB 2551-1 (Exhibit G) House Committee on Revenue and School Finance July 31, 1993 Page 11 - Fiscal Analysis on HB 2551 (Exhibit H) - Revenue Analysis on HB 2551 (Exhibit I) PUBLIC HEARING ON HB 2123 104 NOTION: REP. SCHOON: Moves -3 amendments to HB 2123. 110 CHAIR JONBS: Repeats motion. The -3 amendments have the effect of increasing fees, but changes the fee structure that it increases. 115 JIM SCHERZINGER: The bill increases the RV fees 30%; with the amendments the RV fees are increased 50%. A spending limit for State Parks is added. 121 VOTE: CHAIR JONES: Hearing no objections, the AMENDMENTS are ADOPTED. 134 MOTION: REP. SCHOON: Moves HB 2123, as amended, to the floor with a DO PASS recommendation. 136 CHAIR JONES: Restates motion. 158 VOTE: On a roll call vote, all members are present and vote AYE. 160 CHAIR JONES: The motion CARRIES. 162 REP. WHITTY will carry the bill. Also submitted for the record: - HB 2123-A3 amendments (Exhibit J). - Budget Report and Measure Summary for HB 2123 (Exhibit R). 175 CHAIR JONES: Recesses meeting at 2:25. 176 CHAIR JONES: Reconvenes meeting at 3:10. WORK SESSION ON HB 2551 183 CHAIR JONES: HB 2551-2 amendments have been submitted which reflect the revenue changes as a result of data from March (Exhibit L). 190 REP. WHITTY Why is the data from December more valid than March? House Committee on Revenue and School Finance July 31, 1993 Page 12

193 CHAIR JONE8: As each forecast is adjusted, revenue changes are taking place. In order to be accurate, we need to use the forecast the same each two years so people do not begin to question the validity of your numbers. 203 REP. WHITTY: I agree. 208 CHAIR JONES: This is an issue of fairness. 210 REP. WHITTY: If you have a choice, we need to make the fairest choice. 228 DRAKE: This will take a number of hours to adjust the figures. 233 CHAIR JONES: I suggest we move the bill, review the numbers, and bring it back if we need to. 241 MOTION: REP. BRIAN: Moves the -2 amendments to HB 2551, however, the table should be one which reflects weight/mile calculated based on the December 1992 forecast, the ethanol adjustment, and the cost responsibility. 245 CHAIR JONES: Restates the motion. 248 VOTE: Hearing no objections, the

AMENDMENT8 are ADOPTED. 258 NOTION: REP. BRIAN: Moves HB 2551, as amended, to floor with DO PASS recommendation. 262 REP. BRIAN: I think December is the most professional policy base, long-term forecast that is available to us. 272 VOTE: On a roll call vote, all members present vote AYE. REP. BURTON is EXCUSED. 284 CHAIR JONES: The motion CARRIES. 285 REP. BRIAN will carry the bill. TAPE 221, SIDE B 071 CHAIR JONES: Adjourns meeting at 3:21. House Committee on Revenue and School Finance July 31,1993 Page 13 Submitted by: Reviewed by: Sue Nichol Clerk Kimberly Taylor James EXHIBIT LOG: A - SB 546-B - Testimony - E. Joe Gilliam - 1 page B - SB 546-A4 Amendments (LC 2758) dated 7/28/93 - Staff - 1 page C - SB 546-4 - Revenue Analysis - Staff - 1 page D - SB 546-A5 Amendments (LC 2758) dated 7/30/93 - Staff - 1 page E - SB 546-A5 Staff Measure Summary - Staff - 1 page F - HB 2551-1 Amendments (LC 69) dated 7/31/93 - Staff - 5 pages G - HB 2551-1 Staff Measure Summary - Staff - 1 page H - HB 2551 - Fiscal Analysis - Staff - 1 page I - HB 2551-A - Revenue Analysis - Staff - 1 page J- HB 2123-A3 Amendments (LC 533) - Staff - 1 page K - HB 2123 - Budget Report and Measure Summary - Staff - 1 page K - HB 2551-2 Amendments (LC 69) dated 7/31/93 - Staff - 6 pages

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