

Work Session: SJR10A  
SB 357A  
SB 271A  
SB 274  
HJR 59  
Tapes 47-48 A/B  
49-50 A  
HOUSE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE

MARCH 1, 1993 9:00 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 Jim Whitty  
Members Excused: Representative Greg Walden  
Witnesses Present: B.J. Smith, League of Oregon  
Cities  
Harvey Rogers, Chair, Oregon Bond Department, Preston, Thorgrimson,  
Shideler, Gates, and Ellis  
Jeanette Warner, Association of Urban Renewal Agencies  
Staff: James Scherzinger, Legislative  
Revenue Officer

Terry Drake, Legislative Revenue Office  
Steve Meyer, Legislative Revenue Office  
Paula McBride, Committee Assistant

TAPE 47 BIDE A

007 CHAIR JONES called the meeting to order at 9:16 and conducted  
administrative business.

012 CHAIR JONES opened the Work Session on SB 271A and SB 274.

027 REP. BRIAN explained SB 271A to the members. SB 271A was written in  
response to HB 2550 of 1991, and it gives assessors more time to discover  
changes in the use of farm and forest land. Exhibits 1-2

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  
March 1, 1993 Page 2

035 MOTION REP. BRIAN moved SB 271A to the  
House  
Floor with a do-pass  
recommendation.

DISCUSSION

044 VOTE The motion passed. Ayes: REPS.

FEDERICI, GIROD, SHIBLEY,

WHITTY,

SCHOON ADAMS, BRIAN, BURTON, CARTER,  
and CHAIR JONES. Excused: REP.  
WALDEN. SB 271A will be carried

by  
REP. GIROD.

057 REP. BRIAN explained SB 274, which modifies the collection of property taxes, resolving problems created by Measure 5. Exhibits 3-5

078 STEVE MEYER explained another bill in the 1989 Session that was similar to SB 274. Another change created from SB 274 related to non-collectible property taxes.

Questions and discussion concerning the word "holiday" in SB 274.

-

130 STEVE MEYER read the definition of "holiday" in the Oregon Revised Statutes (ORS).

137 STEVE MEYER further explained SB 274, regarding taxpayer receipts for property tax payments.

Questions and  
discussion

218 MOTION REP. BRIAN moved SB 274 to the  
House

Floor with a do-pass  
recommendation.

220 VOTE The motion passed. Ayes: REPS.

GIROD, SHIBLEY, WHITTY, ADAMS,  
BRIAN, BURTON,, CARTER,

FEDERICI,

SCHOON, and CHAIR JONES.

Excused:

REP. WALDEN.

230 CHAIR JONES closed the Work Session on SB 271A and SB 274, and opened the Work Session on SJR10A.

251 JIM SCHERZINGER addressed a previous question of how HB 2550 (passed during the 1991 Legislative Session) impacted urban

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  
March 1, 1993 Page 3

renewal. HB 2550 implemented the constitutional changes required by Measure 5. He referred to a handout entitled "Urban Renewal Process," and the language in bold typeface was the language added by HB 2550. Another exhibit given the members were the ORS pages related to urban renewal. Exhibits 6 and 7

TAPE 48 SIDE

A

002 JIM SCHERZINGER continued his explanation of the impact of HB 2550, specifically on urban renewal processes. Exhibits 6 and 7

042 CHAIR JONES conducted administrative business.

052 JIM SCHERZINGER discussed how HB 2550 affected the financing of urban renewal. He related that the calculation of the taxes had been changed by HB 2550. Exhibits 6 and 7

084 JIM SCHERZINGER reviewed in the ORS what must go into a public notice

of a proposed urban renewal project. Exhibit 7

109 JIM SCHERZINGER further discussed the financing of urban renewal, specifically certification and limitation of taxes, as a response to HB 2550. Exhibits 6 and 7

Questions and discussion

235 JIM SCHERZINGER used an example to explain the financial procedures of an urban renewal project in Seaside, Oregon, specifically how the authority to charge the taxes occurs. Exhibit 8

Questions and discussion interspersed

299 JIM SCHERZINGER continued explaining how HB 2550 effected the procedure of authorizing taxes for urban renewal. Exhibit 8

Questions and discussion

388 JIM SCHERZINGER explained the graph in his exhibit which gave an example of "Option 3" for urban renewal in Seaside, Oregon, and the relation of HB 2550 to this option. Exhibit 8, page 2

TAPE 47 SIDE B

002 JIM SCHERZINGER continued his explanation of "Option 3" on

.  
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

March 1, 1993 Page 4

urban renewal in Seaside, Oregon.

Questions and discussion, specifically related to the issue of who benefits versus to who pays for urban renewal, as delineated in HB 2550, and in reference to "Option 3" of JIM SCHERZINGER's handout. Exhibit 8

081 JIM SCHERZINGER further explained the financial side of urban renewal, using "Option 3," with alternative numbers. He talked about a Supreme Court case that dealt with the financing of urban renewal projects. Exhibit 9

Questions and discussion

134 JIM SCHERZINGER finished his explanation of the exhibit on Seaside, Oregon, further discussion how the taxes were calculated and collected.

164 B.J. SMITH believed there were three issues on urban renewal that should be addressed, as follows: (1) the constitutional amendment and what it means, (2) the operation of the urban renewal statutes, and (3) the operation of urban renewal agencies. She mentioned the Supreme Court Decision affecting urban renewal. Exhibit 9

199 HARVEY ROGERS addressed the wording and some issues raised regarding the constitutional amendment. His organization writes the substantial portion of bond descriptions for Oregon. He urged changes to Subsection 1, Article 9, Section 1(c) because it does not correspond well to how urban renewal is done in Oregon. He requested the changes make it clear that the Legislature is the authority in charge of urban renewal projects, and that, therefore, the taxes that support urban renewal are outside the limitations of Measure 5. He mentioned further changes in language in ORS that relate to the words "indebtedness" and "obligations," specifically to make it clear that there can be differences between "bonds" (which were defined during the 1991 Legislative Session) and "other obligations." He believed

that the changes he proposed did not give agencies additional authority. Questions and discussion interspersed

TAPE 48 SIDE B

002 Questions and discussion continued with HARVEY ROGERS

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  
March 1, 1993 Page 5

concerning urban renewal "indebtedness," specifically related to how financing of the administrative side of urban renewal.

041 JEANNETTE WARNER discussed the operation matters of urban renewal agencies and use of bond proceeds. WARNER clarified there were other funds available to urban renewal agencies including federal grants and in some cities some general fund moneys to pay staff.

WARNER responded to questions arising from the testimony of Tom Dennehy (2/26/93, same committee) that there are some projects which are asked to be performed by the Portland Development Commission by the Portland City Council, for which the City Council provides staff money. However, on urban renewal projects, those staff costs which are allocable to the project are paid out of the bond proceeds that are generated by the sale of the bonds for that project.

Questions and discussion interspersed

109 HARVEY ROBERTS believed the words "bonded" and "bonded debt" meant the same.

Questions and discussion

135 HARVEY ROGERS spoke about using bonds for "preliminary" work or a sort of "pay-as-you-go" on urban renewal projects (e.g., architects).

Questions and discussion interspersed

160 HARVEY ROGERS said the language he proposed was modeled on one of the two bond exemptions that are currently existing in Measure 5.

Discussion

224 BJ SMITH clarified the question was why Article 11 (Ballot Measure 5) was not amended, but, instead amended Article 9? The case that was litigated had at its core the question of whether or not urban renewal met a provision of Measure 5 which was whether or not urban renewal collected taxes imposed to pay the principle and interest on bonded indebtedness authorized by a specific provision of the Constitution. The specific provision referred to was really "did Article 9 go far enough to specifically authorize urban renewal." That is the question litigated.

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 March 1, 1993 Page 6

What the bill is for is to create the linkage between something that is specific in Article 9. Also, the exceptions in Ballot Measure 5 tend to be either-in-or-out. What the discussion today is about is a local option opportunity to try to take care of a Constitutional problem.

280 JEANNETTE WARNER clarified Subsection 1 language refers to the things that the Legislative Assembly may provide urban renewal agencies to collect tax increment for. Section 2 relates to what urban renewal agencies can collect tax increment for that is outside the limit.

Questions and discussion

338 JEANNETTE WARNER believed that changes would not have to be made in the existing statutes to accommodate the proposed language in SJR10A.

Questions and discussion

392 JIM SCHERZINGER clarified 1 applies to any tax increment financing, 2 applies only to bonded indebtedness.

Questions and discussion

TAPE 49 SIDE A

008 BJ SMITH clarified Section 1c does not change urban renewal; the words that are in Section 1c that were changed were there specifically for the purpose of clarification. The policy issues that if very important to the cities is that be some opportunity to take some portion of the urban renewal proceeds (that being the bonded indebtedness portion) and be able to have the opportunity to vote the bonded indebtedness portion out.

Questions and discussion of SJR10A with B.J. SMITH, JEANNETTE WARNER, and HARVEY ROGERS.

080 JEANNETTE WARNER addressed the issues local districts have concerning implications of Measure 5, which she believed SJR10 remedied. This discussion was related to the difference between "purposes" (as contained in SJR10) and "plans."

Questions and discussion interspersed

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 March 1, 1993 Page 7

186 CHAIR JONES closed the Work Session on SJR10A and conducted administrative business.

199 JIM SCHERZINGER described statistics compiled in response to a Ways and Means Committee decision on educational funding (a budget cut of \$300 million), which show the potential impact on local school districts throughout the state. The handout was entitled "Run ,1 Proportional Reduction (-300): 1993-94 School Support Fund Appropriation - 1.0642 Billion: 1993-94 School Year." Exhibit 10

Discussion interspersed.

294 JIM SCHERZINGER clarified that "resources" in the handout mean total resources allocated by the formula. Exhibit 10

302 TERRY DRAKE explained the statistics do not reflect what the law will be in 1993-94, but does reflect the proposals from the superintendents and is a proportional reduction, adjusted on a student basis. Exhibit 10

316 CHAIR JONES clarified that what it was based on was the formula currently in place. This formula sunsets, and changes in the formula must be decided this Session. Exhibit 10

321 TERRY DRAKE further explained the statistics contained in the "run" on funding of local educational districts. He stressed that there are changes in the impact depending on how fast a district is growing or declining faster than the state-wide average. Exhibit 10

Questions and discussion interspersed

TAPE 50 SIDE A

002 Questions and discussion continued about the statistics presented by TERRY DRAKE to the Committee.

100 CHAIR JONES conducted administrative business.

115 CHAIR JONES recessed the meeting at 11:15.

Paula K.McBride, Committee Assistant

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

March 1, 1993 Page 8

Kimberly Taylor, Office Manager

#### EXHIBIT SUMMARY

1. Staff Summary Measure, SB 271-A, Steve Meyer, Legislative Revenue Office.
2. Revenue Analysis of Proposed Legislation, SB 271-A, Steve Meyer, Legislative Revenue Office.
3. Staff Measure Summary, SB 274, Steve Meyer, Legislative Revenue Office.
4. Revenue Analysis of Proposed Legislation, SB 274, Steve Meyer, Legislative Revenue Office.
5. Fiscal Analysis of Proposed Legislation, SB 274, Roz Shirack, Legislative Fiscal Office.
6. Urban Renewal Process, Jim Scherzinger, Legislative Revenue Office, SB 274 .
7. Oregon Revised Statutes, Urban Renewal, Definitions and General Provisions, Jim Scherzinger, Legislative Revenue Office, SB 274.
8. Seaside Urban Renewal District 1990-91, Jim Scherzinger, Legislative Revenue Office, 3-6-91, SB 274.
9. Supreme Court of Oregon, PORTLAND DEVELOPMENT COMMISSION V. HENRY KANE & CLYDE D. BRUMMELL, OTC 3156; SC 3950, SB 274
10. LRO Computer Simulation, Reun #1, Proportional Reduction (300), 2/28/93, School Funding

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.