

Tapes 16-17 A/B
Public Hearing
Implementation of Measure 5
Public Hearing SB 14

SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
JANUARY 27, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Shirley Gold, Chair
Senator Brady Adams
Senator Ron Cease
Senator Rod Johnson
Senator Peg Jolin
Senator Paul Phillips
Senator Tricia Smith
Witnesses Present: B.J. Smith, League of Oregon Cities
Larry Trusi, Oregon Farm Bureau
Warren Nakkela, President,
Association of Flood Control Districts
Don Rice, Association of Flood Control
Districts
Jeannette Launner, Association of Oregon
Redevelopment Agencies
Jim Manary, Legislative Liaison to the
Department of Revenue
Gil Riddell, Association of Oregon Counties

Staff: Steve Meyer, Legislative Revenue Office
Jennifer Belkle, Committee Assistant

TAPE 16 SIDE A

001 CHAIR GOLD called the meeting to order at 1:12 p.m.

017 CHAIR GOLD continued the public hearing on problems created with the implementation of Measure 5.

020 B.J. SMITH testified regarding Measure 5 implementation. Exhibit 1.

085 SEN. JOLIN pointed out that there has been a state average assessment increase of 15% that affects the public's impression of property tax relief.

100 B.J. SMITH stated that there were issues to be dealt with that affected cities in the area of infrastructure and economic development.

108 B.J. SMITH indicated that there was a financial crisis developing for cities due to the fact that the Oregon Supreme Court

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ruled that the tax increment finance method that is used to finance urban renewal projects falls under the \$10 dollar tax rate limit of Measure 5.

110 B.J. SMITH cited another court case from the Oregon Tax Court which

mandates that fees and charges and utility operations also fall under the compression limits of Measure 5.

120 B.J. SMITH explained the details of this court case and its implications.

150 B.J. SMITH stressed that the reduced role of the state has far reaching impacts for cities and communities.

203 B.J. SMITH asserted that there are questions that need to be readdressed to determine if Measure 5 is the intended direction of the State of Oregon.

Questions and discussion.

250 LARRY TRUSI introduced WARREN NAKKELA and DON RICE from the Lower Columbia River Flood District to testify regarding finding operating funds for their flood control district.

269 WARREN NAKKELA testified regarding the Lower Columbia River Flood District. Exhibit 2. He stated that under Measure 5, compression creates a situation where the revenue collected is not sufficient to pay for the pumping costs for the protection of farms in his district. He expressed the opinion that something needs to be done to allow drainage districts to continue to operate and fulfill their obligation to the people residing in the districts and to the Federal Government.

Questions and discussion.

385 WARREN NAKKELA stated that their association is bringing forward a bill to correct this situation. He informed the Committee that according to Elizabeth Harchenko in the Attorney General's office, public corporations are exempt from Measure 5. His organization is proposing a bill that would allow drainage districts to reorganize into public corporations for the purpose of drainage, irrigation, and flood control.

Questions and discussion.

444 DON RICE testified representing a diking district on the same issue. He desires similar legislative action for the benefit of his district.

Questions and discussion.

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001 DON RICE continued his testimony regarding legislation for facilitating transition from the status of a diking/drainage district to the status of a drainage improvement company.

Questions and discussion.

030 DON RICE confirmed the fact that the transition would be up to the discretion of the voters located in the various communities where the issue is being addressed.

060 B.J. SMITH introduced JEANNETTE LAUNNER who testified regarding what is currently taking place in Urban Renewal agencies statewide.

066 JEANNETTE LAUNNER testified regarding how urban renewal works statewide and then presented information on the bill being proposed to allow for a statewide election to amend the State Constitution to allow Urban Renewal Agencies to continue to operate at the discretion of local governments. Exhibit 3.

100 JEANNETTE LAUNNER stated that Urban Renewal is a tool that is used by local governments to increase the economic viability of areas that it has determined are stagnating. She stated that plans for public improvements are made within those areas to stimulate private investment into the district. The means of financing are commonly tax increment financing. She further defined this method of financing.

140 B.J. SMITH gave background information of legislative action taken during the 1991 session regarding Urban Renewal.

190 B.J. SMITH testified regarding LC 2287 which would send a referral to the voters giving local Urban Renewal Agencies power to inquire of the voters whether or not they wish to incur additional taxes to continue urban renewal projects. Exhibit 4.

Questions and discussion.

335 MOTION: CHAIR GOLD moved for the introduction of LC 2287 as

a Committee bill at the request of the League of Oregon Cities and the Association of Oregon Redevelopment Agencies.

350 ORDER: There being no objections, the Chair so ordered.

355 MOTION: CHAIR GOLD moved for the introduction of LC 2315 as

a Committee bill at the request of the League of Oregon Cities and the Association of Oregon Redevelopment Agencies.

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360 ORDER: There being no objections, the Chair so ordered.

390 JIM MANARY presented background information on SB 14 and the timeline of property tax assessment.

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001 JIM MANARY continued testimony regarding the timeline of property tax assessment. Exhibit 6.

070 JIM MANARY went over various issues raised in regards to SB

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Questions and discussion.

160 GIL RIDDELL testified regarding a proposed amendment to SB 14. This amendment would affect certification of levies by park and recreation districts.

Questions and discussion.

290 CHAIR GOLD adjourned the meeting at 2:30 p.m.

J ~ ifer Be e, Committee Assistant
Kimberly Taylor, Office Manager
Exhibit Summary

1. Smith, Written Testimony, 1-27-93
2. Nakkela, Written Testimony, 1-25-93
3. Launner, "Renewing" Urban Renewal, 1-93
4. LC draft 2287, 1-20-93
5. LC draft 2315, 1-15-93
6. Manary, HB 2550 Timeline, 1-93

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