

Tapes 28-29 (A/B) Measure 5/Public Hearing/ Invited Testimony HOUSE
COMMITTEE ON REVENUE AND SCHOOL FINANCE

January 28, 1991 8:30 AM Hearing Room A State Capitol Building .

Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue Officer Steve Bender, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Jim Kenney, Department of Revenue Elizabeth Stockdale, Department of Justice Tony Meeker, State Treasurer - Jim Shannon, Municipal Debt Advisory Commission (MDAC) TAPE 28 SIDE A 005 CHAIR JONES called the meeting to order at 8:32 and conducted administrative business. PUBLIC HEARING-MEASURE 5 031 ELIZABETH STOCKDALE explained a Measure 5 transition/emergency bill which the Senate Revenue and School Finance Committee will introduce. The emergency bill will address a part of the current board of equalization process. She reviewed the current process and the transition proposal for the 1991/92 tax year. The bill deals with the functions of equalization of the roll corrections by the board and the assessor. 100 ELIZABETH STOCKDALE commented on phase-in and discount changes in HB 2550 (page 127). 129 Discussion regarding an interest starting date on delinquent property taxes. 160 REP. PARKINSON commented that HB 2550 appeared to be more than a "housekeeping" bill and requested an outline regarding policy changes.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance January 28, 1991 Page 2 190 Questions and discussion regarding policy decisions in HB 2550. 219 REP. BURTON noted his concern if HB 2550 affects payment of property taxes under the Veterans Home Loan Program. 257 Questions and discussion regarding escrow reserve bank accounts and incentives for paying property taxes early. 268 CHAIR JONES reviewed the committee schedule for dealing with Measure 5. 300 Questions and discussion. 347 JIM SCHERZINGER referred to a memo from Steven Bender regarding Measure 5 Tax Shifts. Exhibit 1 TAPE 29 SIDE A 001 Questions and discussion regarding Measure 5 - Initial Impact on Households and Businesses. Exhibit 1, page 2 032 Questions and discussion regarding federal funds sent to Oregon compared to Oregon funds sent to the federal government. 052 Discussion regarding impact on funds sent to the federal government because of less property tax deductions. 070 STEVE BENDER pointed out that the chart does not include severance taxes. 083 CHAIR JONES recessed the meeting at 9:08 and reconvened the meeting at 9:28. 088 Questions and discussion regarding a tax shift between households and business under Federal Income Tax Increase. Exhibit 1 PUBLIC HEARING - MEASURE 5 122 CHAIR JONES referred to a report entitled Impact of Ballot Measure #5 On Local Government Debt Management. Exhibit 2 133 TREASURER MEEKER commented on recommendations from the MDAC to the Legislature regarding potential law changes for local government units because of Ballot Measure 5. He reviewed a series of meetings involving cities, schools, counties and special districts and pointed out that the recommendations from the MDAC are a result of those hearings. Bill drafts will follow which address MDAC's recommendations which will provide tools in the area of debt management. Exhibit 2 202 JIM SHANNON reviewed the membership of the MDAC which is a statutory commission and explained that the MDAC assists local

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance January 28, 1991 Page 3 governments in debt management practices. He reviewed a summary of recommendations from the MDAC. Exhibit 2, pages iiiiv. 270 Questions and discussion regarding certificates of participation (COPS) . 288 JIM SHANNON compared a limited tax obligation to certificates of participation. 310 Discussion regarding the history of COPS. Treasurer Meeker referred the members attention to the definition of COPS. Exhibit 2, page A1-2 348 JIM SHANNON continued his review of summary of recommendations. Exhibit 2 TAPE 28 SIDE B 003 Questions and discussion regarding definition of capital construction or improvements. 027 REP. HOSTICKA noted a concern of placing a definition in the statutes when a common law definition has been sufficient. 040 JIM SHANNON explained why the MDAC recommends some definitions be placed in the statutes and that the recommended definition of capital construction or improvements is broad enough to allow flexibility to the local governments. 060 Questions and discussion regarding generally accepted accounting practices. 081 Questions and discussion regarding issuance of bonds (local governments) for capital construction. 100 JIM SHANNON continued with a recommended definition of actual cost. Exhibit 2 157 JIM SHANNON reviewed the MDAC recommendations regarding Systems Development Charges. Exhibit 2 170 Discussion regarding "minimum charges" and "standby charges". 200 JIM SHANNON recommended that the definition of Systems Development Charges fall within the definition of incurred charges. 270 Questions and discussion regarding systems development charges. 290 JIM SHANNON requested a Legislative confirmation that systems development charges are outside the limit of Measure 5.

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296 Questions and discussion regarding irrigation districts. 320 TREASURER MEEKER noted that irrigation districts plan to present legislation to insure their districts are outside of the limit. 330 Discussion regarding a process for bill drafts from Treasurer Meeker and the MDAC. 371 JIM SHANNON commented on the MDAC recommendations relating to revenue bonds. Exhibit 2, page iii TAPE 29 SIDE B 001 JIM SHANNON reviewed Special Assessment bonded debt. Exhibit 2, page iv 040 Questions and discussion. 047 REP. BURTON noted his concern regarding small jurisdiction's ability to have independent financial advisors. 050 Questions and discussion regarding independent financial advisors. 081 Discussion regarding the modification of revenue bonds. 135 JIM SHANNON summarized the recommendations for Special Assessment Bonds and Refunding Bonds. Exhibit 2, page iv 170 JIM SHANNON reviewed the recommendations which would allow local governments to enter into lines of credit or loan agreements. Exhibit 2, page iv 183 Questions and discussion. 191 JIM SHANNON explained the MDAC recommendations for the exercising of original jurisdiction, judicial examination and the security of revenue debt. Exhibit 2, page iv 266 Questions and discussion. 306 TREASURER MEEKER concluded by emphasizing the change of bond issuance because of Measure 5. The recommendations are essential if local governments are going to issue debt under the new language in Measure 5. He explained reports from rating agencies relating to Oregon's work on Measure 5 implementation. 370 CHAIR JONES conducted

administrative business and adjourned the meeting at 10:43.

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Page 5 Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY 1. Memo from Steven Bender, Measure 5 Tax Shifts, LRO, 1/24/91 - Measure 5 2. Impact of Ballot Measure #5 on Local Government Debt Management, State Treasurer Tony Meeker, MDAC, 1/28/91 - Measure 5

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