

Tapes 46-47 (A/B) Work Session: HB 2550 HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE February 6, 1991 ~ 8:00 AM Hearing Room A State Capitol Building Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark (arrived 8:09) Representative Bev Clarno Representative Mike Nelson (arrived 8:11) Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Witnesses Present: Elizabeth Stockdale, Department of Justice Jim Coleman, League of Oregon Cities Glenn Klein, League of Oregon Cities Alan Tresidder, Oregon School Boards Association Staff Present: Steve Meyer, Legislative Revenue Office Linda Leach, Committee Assistant TAPE 46 SIDE A 005 CHAIR JONES called the meeting to order at 8:05 and conducted administrative business. WORK SESSION - HB 2550 . 010 STEVE MEYER pointed out Measure 5 Implementation Issues (as of 2/5/91), testimony from League of Oregon Cities, report from the Municipal Debt Advisory Commission and Ballot Measure 5. Exhibits 1,2,3,4 036 CHAIR JONES explained that representatives from the League of Oregon Cities would clarify questions from a previous House Revenue meeting. She directed the members attention to definitions in Section 210, page 105 of HB 2550. 060 ELIZABETH STOCKDALE reviewed definitions as suggested by the League of Oregon Cities. She reminded the committee of a reconsideration by the Attorney General regarding direct consequence of ownership. 083 ELIZABETH STOCKDALE needed more time to work on actual cost language regarding a fixed based cost recognition.

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095 ELIZABETH STOCKDALE reviewed language for controlled or avoided and direct control. She explained controlled or avoided for a property owner relating to an incurred charge. She pointed out a direct control definition (included within incurred charge in Ballot Measure 5) and read suggested language: "an owner of a property has direct control over the quantity of goods or services if the owner of the property has the ability, whether or not that ability is exercised, to determine the quantity of goods or services provided or to be provided". 111 JIM COLEMAN explained that the language of actual cost as recommended by the League of Oregon Cities was an attempt to combine the definition in HB 2550 and debt service concepts in the Treasurer's definition. Exhibits 2,3 126 GLENN KLEIN supported the revised definition for actual cost from the Attorney General. He suggested one provision to deal with a flat fee and "totally avoidable". 148 JIM COLEMAN agreed with the revised definitions of controlled or avoided and direct control as described by Elizabeth Stockdale. 154 Questions and discussion regarding schedule of Revenue committee. 162 Questions and discussion regarding an election process and specific request (iii) recommendation from the League of Oregon Cities. Exhibit 2 185 JIM COLEMAN clarified that specific request (iii) was provided as a policy choice in order to create an incurred charge within the scope of Measure 5. He understood concerns expressed by Elizabeth Stockdale regarding specific request (iii). 214 JIM COLEMAN provided an example for specific request (ii) (failing to take an action). 215 REP. PARKINSON voiced his concern regarding specific request (iii). 224 CHAIR JONES clarified Rep. Parkinson's concern and for the record indicated the committee had no intent to be in a position to cover those kinds of things that are smaller than the recognized government unit. 225 Questions and

discussion regarding clarification of specific request (iii). 249 CHAIR JONES summarized the committee accepts recommendations from the League of Oregon Cities regarding specific request (i) and (ii), but specific request (iii) is not acceptable in terms of existing statutes.

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260 Questions and discussion regarding an election process. 281 REP. BURTON clarified this committee has no intent to prohibit any group from agreeing to be bound by an election and contracting a service. 298 ELIZABETH STOCKDALE pointed out a major difference between a purchase of a service compared to a government assessed charge. She did not believe a purchase of service was under the limits of Ballot Measure S. 323 ELIZABETH STOCKDALE pointed out a concern regarding a section dealing with a person failing to take an action and requested additional time to develop language. 353 ELIZABETH STOCKDALE reviewed a definition from the League of Oregon Cities regarding routine obligation of ownership and interjected that this definition is consistent with Ballot Measure 5. Exhibit 2 362 ELIZABETH STOCKDALE discussed the difference between the definition of local improvement in HB 2550 and as recommended by the League of Oregon Cities. She was not concerned with the additional language as presented by the League of Oregon Cities which appears to be consistent with Ballot Measure 5. She pointed out a correction from "specific" benefit to "special" benefit in the definition of local improvement in HB 2550. TAPE 47 SIDE A 007 ELIZABETH STOCKDALE pointed out definition 8 (i) regarding local improvement from the League appeared to be consistent with Ballot Measure 5. 016 Questions and discussion. 020 ELIZABETH STOCKDALE reviewed a definition for single assessment from the League of Oregon Cities. She added that if this is the common practice, there should not be any conflict with Ballot Measure 5. 050 JIM COLEMAN added the definition for single assessment clarifies the requirement in Ballot Measure 5 relating to one assessment for one project. 058 Questions and discussion regarding the language of "single assessment". 103 ELIZABETH STOCKDALE pointed out the League's definition of special benefit only to specific properties is a concept contained in Ballot Measure 5's definition of local improvement. This definition is consistent with the source of these concepts in Ballot Measure 5.

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126 JIM COLEMAN noted the definition from the League will bring the application of Measure 5 in line with the current law which applies to local improvement districts. 136 ELIZABETH STOCKDALE reviewed the definition of capital construction in HB 2550 on page 106. She pointed out a series of capital construction definitions which relate to one another. She explained three sources in Ballot Measure 5 for determining this definition and that this definition will provide guidelines for the kinds of property or activities which will come under local improvement exceptions. 182 ELIZABETH STOCKDALE pointed out elements a bond must meet in order to be outside the limit of Measure 5. She emphasized what

a bond is called is not as significant as what a bond covers. 200 Questions and discussion regarding taxes imposed on property to repay a bond. 221 ELIZABETH STOCKDALE suggested a definition of property. Exhibit 5 269 Questions and discussion regarding personal property within the recommended definition. 313 REP. CLARK pointed out Measure 5 does not refer to ad valorem taxes. 326 CHAIR JONES added the drafters of Ballot Measure 5 intended not to define real property. 333 Questions and discussion regarding why intangible property is not included in the definition of property. 340 ELIZABETH STOCKDALE referred to the September 7, 1990 Attorney General opinion regarding Ballot Measure 5 and explained a process for developing definitions. (see Exhibit 7 from House Revenue 1/25/91 meeting - Measure 5) 380 Questions and discussion. TAPE 46 SIDE B 004 CHAIR JONES recessed the meeting at 9:03 and reconvened the meeting at 9:46. She questioned the definition of property in Oregon statutes. 014 ELIZABETH STOCKDALE requested additional time to refine the definition of property. 023 Questions and discussion regarding a definition of property. .~ These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact ~ords. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance February6,1991 Pages 050 ELIZABETH STOCKDALE continued with review of capital improvement definition. She referred to page 106 of HB 2550 and suggested adding language to capital construction relating to interest in land. 084 ELIZABETH STOCKDALE reviewed recommendations of what capital construction should include. She explained a goal of including those things which are consistent with current practice. She read the League's recommendation for capital construction definition (a,b,c,d,e,). Exhibit 2 121 Questions and discussion regarding furnishings which are necessary for operating a building (but are not attached). 164 REP. HOSTICKA clarified capital construction (as defined) applies to that part of Measure 5 which applies to local improvements and bonds. Capital improvements and capital construction apply to that part of Measure 5 which deals with bonds. 178 ELIZABETH STOCKDALE agreed with Rep. Hosticka. 190 Questions and discussion regarding an example of a construction project with regard to local assessment. 247 Questions and discussion regarding construction of new schools and collateral equipment which is part of a bid and the use of bonds for funding. 275 ALAN TRESIDDER agreed with the process as described by Elizabeth Stockdale for funding a new school and supported the definition of capital construction. 300 Questions and discussion. 320 ALAN TRESIDDER interjected that generally the current practice for building a school (funded by a bond) is to include desks, blackboards, etc. in order to make the school functional. 305 Questions and discussion. 340 ELIZABETH STOCKDALE suggested additional language on line 18, page 106 of HB 2550 as recommended by the League of Oregon Cities with reference to a facility as defined in ORS 288.805. 356 JIM COLEMAN explained the definition of facility in Oregon statutes in relationship to the revenue bonding process. 380 Questions and discussion. 400 ELIZABETH STOCKDALE did not have a problem with the definition of facility with a reference to existing statute.

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400 Questions and discussion regarding Legislative tracking of possible conflicting amendments. TAPE 47 SIDE B 011 ELIZABETH STOCKDALE pointed

out the definition of structure from the League of Oregon Cities is more detailed and the items are common practice. 029 Questions and discussion regarding the use of bonds to fund items listed under structure. 046 CHAIR JONES added that the additional language only clarifies what is under Measure 5 and what is not (does not expand authority). 055 Questions and discussion regarding items listed under the definition of structure. Exhibit 2 080 CHAIR JONES conducted administrative business and adjourned the meeting at 10:23.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Measure 5 Implementation Issues (as of 2/5/91), LRO - HB 2550 2. Testimony from League of Oregon Cities (see Exhibit 3 from House Revenue 2/4/91 meeting) - HB 2550 3. Testimony from Municipal Debt Advisory Commission (see Exhibit 2 from House Revenue 1/28/91 meeting) - Measure 5 4. Ballot Measure 5 (see Exhibit 4 from House Revenue 1/25/91 meeting) - Measure 5 5. Suggested Definition of Property, Elizabeth Stockdale, 2/6/91 - HB 2550

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