

Tape 79 (A/B) Tape 80 (A) Work Session: HB 2550 HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

February 21, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair Representative Mike
Burton Representative Kelly Clark Representative Bev Clarno
Representative Mike Nelson Representative Fred Parkinson Representative
John Schoon Representative Jim Whitty

Member Excused: Representative Carl Hosticka Staff Present: Steve
Meyer, Legislative Revenue Office Linda Leach, Committee Assistant

Witnesses Present: Steve Smith, Deputy State Treasurer Jim Shannon,
Chair, Municipal Debt Advisory Commission (MDAC) Chuck Smith, Oregon
State Treasury Bob Muir, Department of Justice Elizabeth Stockdale,
Department of Justice TAPE 79 SIDE A

005 CHAIR JONES called the meeting to order at 8:07 and conducted
administrative business. She explained HB 2550 is impacted by
recommendations from the MDAC and State Treasurer which is the reason
for invited testimony today.

WORK SESSION - HB 2550

036 STEVE SMITH explained the purpose of the MDAC work group,
clarifying that recommendations incorporated in HB 3048 are not to go
beyond Measure 5.

087 JIM SHANNON provided background of HB 3048 and reviewed policy
questions in HB 3048. He read his prepared testimony. Exhibit 1

126 REP. SCHOON was concerned with any impact on Certificates of
Participation because of Ballot Measure 5.

142 JIM SHANNON continued with prepared testimony. Exhibit 1

233 REP. BURTON questioned new debt instrument.

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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 February 21,
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236 JIM SHANNON explained issuance of bancroft bonds. 249 REP. WHITTY
presented an example of revenue bonds and questioned the purpose of
allowing initial revenue pledge. 262 JIM SHANNON explained the intent
of revenue bonds is to provide better security for an obligation, which
translates to a lower interest rate. 294 JIM SHANNON provided an
example of Revenue Bond (other revenues pledged) recommendation. Exhibit
2, number 8 317 Questions and discussion. 344 STEVE SMITH pointed out
that revenue bonds are issued with a 60 day waiting period. 368
Questions and discussion regarding distinction between revenue and
general obligation bonds. TAPE 80 SIDE A 010 REP. WHITTY expressed
concern for interest rates being different for general obligation bonds
and revenue bonds. 015 JIM SHANNON explained a uniform revenue bond act
passed in 198 3. 029 Questions and discussion regarding bonds in

relation to Ballot Measure 5. 046 JIM SHANNON discussed the revenue stream under Ballot Measure 5, explaining Measure 5 limits the amount of ad valorem tax imposed on amount of property and does not limit the amount of revenue generated by a project. 063 BOB MUIR clarified the distinction between the pledge (found in bond obligation) and the authority of the revenue producing entity. 090 Questions and discussion regarding general obligations and voting requirements. 116 JIM SHANNON pointed out HB 3048 allows flexibility for local governments to manage obligations. 126 Questions and discussion regarding MDAC's recommendations and comparisons to other states. 130 REP. CLARK commented that broadening repayment authority enhances credit worthiness.

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140 CHAIR JONES clarified broadening repayment authority does not jeopardize financial security in terms of cities and other municipalities. 142 JIM SHANNON interjected broadening repayment would strengthen the security of local government tax. 144 Questions and discussion regarding local governments ability to enter into lines of credit and loan agreements. Exhibit 2, number 11 166 REP. PARKINSON questioned what revenue sources are used to bring in enough liquidation for revenue bonds. 175 JIM SHANNON explained there are requirements to make certain charges, commenting local government could pledge another source of funds and provided an example. 192 REP. PARKINSON inquired if there could be a problem paying bonds, due to incurred charges. 199 JIM SHANNON explained how revenues become pledged under bond documents. 217 Questions and discussion. 237 Questions and discussion regarding examples of interest rate spread for bonds. 272 REP. CLARK questioned judicial review regarding recommendations from MDAC. Exhibit 2, numbers 12 and 13 279 JIM SHANNON interjected HB 3048 deals with local government. 283 Questions and discussion regarding ORS 33.710. Exhibit 2, number 13 325 Questions regarding the differences between Sections D and E of Hand Engrossed HB 3048. Exhibit 3 TAPE 79 SIDE B 001 REP. CLARK wanted to review Sections D and E in Subcommittee on Property Taxation. 010 Questions and discussion regarding language of "consenting members" in Hand Engrossed HB 3048. Exhibit 3

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Transcribed by: Marlene Stickley Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Testimony from Jim Shannon, 2/21/91 - HB 2550 (issue became HB 304 8) 2. House Bill 3048 - MDAC Recommendations, 2/21/91 - HB 2550 (issue became HB 3048)

3. Hand Engrossed HB 3048, MDAC, 2/21/91 - HB 2550 (issue became HB 304 8)

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