

Tapes 190-191 (A/B) Tape 192 (A) Public Hearing: HB 3378 Work Session:  
HB 2715, HB 3378 Informational: Supreme Court Decision on Oregon School  
Finance System HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE May 14,  
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 Representative Bev Clarno Representative Mike Nelson  
Representative Fred Parkinson Representative John Schoon Representative  
Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue  
Officer Steve Meyer, Legislative Revenue Office Dick Yates, Legislative  
Revenue Office Linda Leach, Committee Assistant Witnesses Present: Jack  
Landau, Department of Justice Virginia Linder, Department of Justice  
Chuck Clemmens, Coalition for Equitable School Funding Peter  
Grundfossen, Association of Oregon Housing Authorities Jerry Justice,  
Clackamas County Gary Dicenzo, Clackamas County Charles Kindt, Northwest  
Housing Alternatives Jim McCoy, Lane County Housing Authority Richard  
Weinman, City of Eugene Kim Worrell, Association of Oregon Counties Jim  
Brown, Department of Revenue TAPE 190 SIDE A 005 CHAIR JONES called the  
meeting to order at 8:07 as a subcommittee until a quorum was reached at  
8:08.

.These minutes paraphrase end/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 May 14, 1991  
Page 2 SUPREME COURT DECISION ON OREGON SCHOOL FINANCE SYSTEM 014 JIM  
SCHERZINGER referred to Supreme Court media release for cases decided  
May 2, 1991 and a Supreme Court decision for Coalition for Equitable  
School Funding (et al) v. State of Oregon. Exhibits 1, 2 029 JACK  
LANDAU provided his background in the litigation involving Coalition for  
Equitable School Funding (et al) v. State of Oregon. The lawsuit was a  
challenge to the constitutionality of the system of financing public  
education which was broken down into three claims. 1) Article VIII,  
Section 3 of the Oregon Constitutional was violated by disparities in  
spending from district to district. 2) Article I, Section 32 of the  
Oregon Constitution which is the uniform tax provision. 3) Article I,  
Section 20 which provides equal privileges and immunities. 111  
Questions and discussion regarding the scope of Ballot Measure 5. 136  
Questions and discussion regarding the Supreme Court basis for upholding  
the constitutionality of Oregon's current school finance system and the  
continuing validity of an Olsen Supreme Court decision. 189 Questions  
and discussion regarding the safety net as grounds for upholding the  
constitutionality of Oregon's current school finance system. 205  
VIRGINIA LINDER reviewed how the safety net statute and voters  
explanatory pamphlet become a part of a constitutional provision. 270  
Questions and discussion regarding property tax levying authority. 309  
Questions and discussion regarding possible court cases concluding a  
different opinion and the impact from Measure 5 at full implementation.  
348 JACK LANDAU explained that he was under obligation to defend  
Oregon's constitution. He noted that the court did not come to any  
conclusions relating to Ballot Measure 5. TAPE 191 SIDE A 001 Questions  
and discussion regarding voter's understanding of the safety net  
measure. 020 Questions and discussion regarding differences between  
Texas' Constitution and Oregon's Constitution. 040 Questions and  
discussion regarding implications from the Supreme Court decision and  
the Legislature's obligation in terms of inequities, interpretation,

etc.

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 May 14, 1991  
Page 3

056 CHAIR JONES addressed the responsibility and the driving force for the Legislature in relationship to school funding. 061 Questions and discussion. 095 CHUCK CLEMMENS explained his interest and background in the litigation between Coalition for Equitable School Funding v. State of Oregon. He explained judicial remedies are not the only avenue to deal with school financing. He commented on the safety net being used for upholding Oregon's school finance system. He believed after June 30, 1991 (effective date of Measure 5) that the opinion will not be valid. He reviewed the procedure of the court case. He believed the Legislature has the opportunity to address school inequities and noted Judge Fadeley's concurring opinion (Oregon's method of school finance is close to the cliff of unconstitutionality). 178 Questions and discussion regarding intent of the safety net measure viewed as a process for reforming school funding. PUBLIC HEARING - HB 337 8 222 STEVE MEYER explained HB 3378 relates to housing authorities and establishes a property tax exemption beyond current law. HB 3378 would extend an exemption to property leased by the housing authority or if housing authority is a general partner. He referred to an Attorney General opinion relating to leased property of a housing authority which says the property is not exempt. 250 Questions and discussion. 255 PETER GRUNDFOSSEN supported HB 3378 and summarized his prepared testimony. Exhibits 3, 4 377 REP. SCHOON interjected that his vote on the house floor on May 13, 1991 for the housing trust fund bill does not equate to his support of government owned housing. 393 CHAIR JONES referred to the revenue impact side of HB 3378 and noted the staff measure summary from the House Committee on Housing and Urban Development. Exhibit 5 410 Questions and discussion. TAPE 190 SIDE B 010 PETER GRUNDFOSSEN referred to Housing Authority Lease and General Partnership Survey and summarized his support of HB 3378. Exhibit 4 059 PETER GRUNDFOSSEN pointed out a letter from the City of Salem Housing Authority. Exhibit 6

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 May 14, 1991  
Page 4

073 JIM SCHERZINGER clarified differences between housing and office use for exempt purposes. He provided examples of properties which are not exempt (statutory requirements). 093 Questions and discussion. 123 JERRY JUSTICE supported HB 3378 and related an example of a building in Clackamas County (Autumn Park) which is operating under a lease agreement and all of the financing and lease terms were based on exempt property taxes. 150 Questions and discussion regarding Clackamas County rates and facilities, planned actions and partnerships. 169 GARY DICENZO reviewed the background with the Autumn Park Apartments in Wilsonville and complex financing issues. Questions and discussion interspersed. 251 CHARLES KINDT supported HB 3378 and gave the background of Northwest Housing Alternatives. He commented on a 1989 Attorney General opinion which concludes there is a legislative oversight and must be remedied by the Legislature. 279 CHARLES KINDT discussed the development of Autumn Park and described it's tenants. He

discussed low income housing projects and gave examples. Northwest Housing Alternatives entered into agreements with Clackamas County relating to Autumn Park based on property tax exempt status. 333 Questions and discussion regarding private investors in low income projects, mechanics of federal tax credits and definition of "quality" housing. 400 JIM MC COY read his prepared testimony in support of HB 3378. Exhibit 7 TAPE 191 SIDE B 002 JIM MC COY continued with his testimony. Questions and discussion interspersed. 060 RICHARD WEINMAN supported HB 3378 and read his prepared testimony. Exhibit 8 100 Questions and discussion regarding housing policy and future tax rates (in light of Measure 5). 162 KIM WORRELL reviewed the language in HB 3378 and believed a limitation on types of qualifying property should be included.

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 May 14, 1991 Page 5 180 Questions and discussion regarding housing authority policies, abuses and responsibilities. 205 CHAIR JONES referred to a January 5, 1989 Attorney General opinion regarding the tax status of property leased to a housing authority. She questioned a difference between a need to clarify exempt properties under a lease agreement and the proposed expansion of a partnership issue (both issues in HB 3378). Exhibit 9 233 Questions and discussion. 255 PETER GRUNDFOSSEN reemphasized HB 3378 is a local option issue and he provided examples. He described an ongoing housing responsibility relating to policing. Questions and discussion regarding evictions based on income disqualification, income level for qualification, federal regulations and abuses. 329 Questions and discussion clarifying property which is and which is not exempt (private for profit, private non-profit). TAPE 192 SIDE A WORK SESSION - HB 3378 009 CHAIR JONES recessed the meeting at 10:00 and reconvened at 10:12. 012 CHAIR JONES noted her concern with language in HB 3378 which needs to be tighten. A working group will meet to discuss issues. 017 Questions and discussion regarding income limitation requirements for low income housing. 030 Questions and discussion regarding definition by statute of low income families. 040 Questions and discussion regarding portions of low income facilities which may not be low income, standards and complexities involved with exempt properties. 121 CHAIR JONES interjected that the Joint Interim Committee on Revenue and School Finance will review exemptions. WORK SESSION - HB 271 5 140 CHAIR JONES explained that the proposal in HB 2715 could be accomplished by exempting income rather than a tax credit. She reviewed prior work sessions on HB 2715.

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 May14,1991 Page6

149 DICK YATES reviewed HB 2715: Current Law and Proposed Changes (an example). Exhibit 10 263 DICK YATES reviewed Proposed Amendments HB 2715-2 and HB 2715-3. Exhibits 11, 12 300 Questions and discussion. 328 JIM BROWN believed HB 2715-3 proposed amendments addressed the intent of the committee. 355 Questions and discussion regarding California's continued tax on distribution and calculation of an IRA value. 382 MOTION REP. CLARK moved adoption of Proposed Amendments HB 2715-3, 5/14/91. 390 ORDER There being no objection, CHAIR JONES so ordered. 398 MOTION REP. CLARK moved HB 2715 as amended to the floor with a do

pass recommendation. 410 VOTE In a roll call vote the motion was adopted (7-0). AYES: Reps. Nelson, Parkinson, Schoon, Whitty, Clark, Hosticka, Jones. EXCUSED: Reps. Burton, Clarno. 420 CHAIR JONES conducted administrative business and adjourned the meeting at 10:40. Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Supreme Court - Media Release, Coalition for Equitable Funding v. State of Oregon, 5/2/91 - Miscellaneous 2. Supreme Court Decision, Coalition for equitable School Funding v. State of Oregon, 5/2/91 - Miscellaneous 3. Testimony from Peter Grundfossen, 5/14/91 - HB 3378 4. Housing Authority Lease and General Partnership Survey, 5/14/91 HB 3378 5. Staff Measure Summary HB 3378, House Committee on Housing and Urban Development, 5/14/91 - HB 3378 6. Testimony from Housing Authority of the City of Salem, 5/13/91 - HB 3378 7. Testimony from Jim McCoy, 5/13/91 - HB 3378

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 May 14, 1991  
Page 7

EXHIBIT SUMMARY (CONT. ) 8. Testimony from City of Eugene, 5/14/91 - HB 3378 9. Department of Justice Opinion Re: Tax Status of Property Leased to a Housing Authority, 1/5/89 - HB 3378 10. HB 2715: Current Law and Proposed Changes (an example), LRO, 5/14/91 - HB 2715 11. Proposed Amendments HB 2715-2, 5/13/91, LRO - HB 2715 12. Proposed Amendments HB 2715-3, 5/14/91, LRO - HB 2715 .

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.