

Tapes 228-229(A/B) Tapes 230-231 (A) Public Hearing: HB 3213A Work Session: HB 3213A, HB 2130A, HB 3577A, HB 3378 HB 3416, HB 3075A HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

June 10, 1991 9:00 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 Dick Yates, Legislative Revenue Office Terry Drake, Legislative Revenue Office Linda Leach, Committee Assistant

Witnesses Present: Representative John Meek, District 5 Marian Gray, Soil & Water Conservation District Tom Duyck, Washington County, Soil & Water Conservation District Arthur Lauback, Soil & Water Conservation District Michael Graine, Department of Energy Robert Thorton, Retired Judge, Court of Appeals Representative Kevin Mannix, District 32 Jerry Russell, Colonel, Oregon State Police John Rist, Department of Transportation Bill Penhollow, Association of Oregon Counties, Fred Neil, Multnomah County Roland Casad, Department of Transportation Representative Ron Sunseri, District 22 TAPE 228 SIDE A

005 CHAIR JONES called the meeting to order at 9:12.

PUBLIC HEARING - HB 3213A

011 JIM SCHERZINGER explained HB 3213A allows Soil and Water Conservation Districts to charge a fee to administer water management plans and referred to Proposed Amendments HB 3213-A4. He reviewed a request to develop language so the fees would not be subject to the limits of Measure 5 (not be a tax on property).

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. House Committee0 on Revenue and School Finance June10,1991 Page 2 040  
JIM SCHERZINGER explained proposed amendments create a duty on a property owner to perform actions which are necessary for carrying out water management plans and allows the districts to provide the services if the owner does not comply and charge a fee. He referred to hand engrossed portion of amendments which make the duty an option for local districts. Exhibit 1 079 CHAIR JONES noted information is needed on the current structure and development of a water management plan. 083 Questions and discussion. 102 JIM SCHERZINGER noted a similar situation in HB 2550 (adopted in Senate Revenue) for zone one fire protection lands in Eastern Oregon. 107 REP. MEEK explained HB 3213A was heard in the House Committee on Intergovernmental Affairs and relates to specific problems originating from the Department of Environmental Quality (DEQ) and the federal government which has targeted Oregon river basins for water quality standards. The Tualatin Basin is the first target and requirements have been mandated. He noted a lack of direction relating

to the management of the plan. The Soil and Water Conservation District's authority is limited to levying a property tax. HB 3213 will allow the creation of a boundary that encompasses a targeted drainage basin and levy a fee, tax or duty with citizen input. 182 Questions and discussion regarding optional aspect for local districts. 212 Questions and discussion regarding boundaries of Soil and Water Conservation Districts and how the districts are formed. 240 Questions and discussion regarding the Tualatin basin (water quality issues). 269 MARIAN GRAY explained that the Soil and Water Conservation District is a branch of the Department of Agriculture. She reviewed the current budget and lack of funds to implement the management plan. She noted a compliance mandate of June 1993. 303 REP. SCHOON questioned if HB 3213 is specific to Washington County. He believed the language in Section 2 may be too broad. 321 Questions and discussion relating to Rep. Schoon's concerns. 340 REP. MEEEX did not object to add clarifying language regarding targeted areas. 363 Questions and discussion.

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 June 10, 1991 Page 3 TAPE 229 SIDE A 001 Questions and discussion continued regarding language in Section 2. 008 ACTING CHAIR HOSTICKA supported limiting language to Washington County. The Legislature can extend provisions to other identified districts in the future after a review of Washington County. 024 ART LAUBACH explained that fourteen Oregon rivers have been identified by the Department of Environmental Quality (the first being the Tualatin Basin). 040 Questions and discussion regarding the current process of how Soil and Water Conservation Districts provide services and levy fees. 107 ACTING CHAIR HOSTICKA questioned the authority granted to Soil and Water Conservation Districts in HB 3213A and questioned the use and limitation of that authority. 118 MARIAN GRAY interjected that the water management plan details limitations. 136 Questions and discussion. 146 REP. MEEK explained the intent of HB 3213 was to allow Soil and Water Conservation Districts establish boundaries outside of areas under current management. He agreed that limiting language could be added and that there was no intent of "double hitting people". 159 Questions and discussion regarding those who should be responsible for paying cost in a water management plan. 202 Questions and discussion regarding DEQ authority and responsibility. 210 REP. MEEK concluded his testimony and noted that he did not object to Proposed Amendments HB 3213-A4. He also noted no objection to the addition of limiting language which will address the double fee issue. 225 Questions and discussion regarding a federal court mandate which has resulted in water management plans. WORK SESSION - HB 321 3A 253 CHAIR JONES noted Proposed Amendments HB 3213-A4 (hand engrossed) were acceptable. She reviewed a request for limiting language in Section 2 of HB 321 3A relating to overlap of fees. 261 Questions and discussion regarding additional clarifying language needed for Section 8, subsection 1.

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 June 10, 1991 Page 4 289 MOTION REP. BURTON moved adoption of hand engrossed Proposed Amendments HB 3213-A4. 299 ORDER There being no objection, CHAIR JONES so ordered. 300 Questions and discussion regarding language which identifies targeted districts by the DEQ. 333 Questions and discussion regarding limitation of proposed fees and a possible way to

structure fees to be outside the limits of Ballot Measure 5. 364 REP. PARKINSON suggested to restrict the proposed fee to the Tualatin River basin. 374 MOTION CHAIR JONES moved adoption of a conceptual amendment relating to limitation to the Tualatin Basin and restrictions as determined by legal definition from the federal court case. 380 ORDER There being no objection, CHAIR JONES so ordered. 385 CHAIR JONES conducted administrative business. TAPE 228 SIDE B WORK SESSION - HB 2130A 016 UNANIMOUS CONSENT CHAIR JONES requested unanimous consent to reconsider the vote by which the Committee sent HB 2130A to the floor with a do pass recommendation. 020 ORDER There being no objection, CHAIR JONES so ordered. 014 CHAIR JONES explained HB 2130A had the potential of a minority report. We are reconsidering HB 2130A to resolve differences. 028 DICK YATES explained Proposed Amendments HB 2130-A11 is the form HB 213 0A was passed out of the House Revenue Committee on June 5, 1991. Proposed Amendments HB 2130-A12 were requested by Chair Jones and are similar to HB 2130-A11, but requires that the definition of fleet be made by rule and adds Section 3 which puts a sub cap of \$2.5 million to be allocated to alternative fuel fleet vehicle (under the \$40 million cap). Exhibits 5, 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 June 10, 1991 Page 5 055 DICK YATES reviewed Proposed Amendments HB 2130-A13 which contain portions of Proposed Amendments HB 2130-A7 which the committee rejected previously relating to transportation issues. The Department of Energy requested the Committee consider technical issues from HB 2130-A7 which are now in HB 2130-A13. He referred to hand engrossed HB 2130A and noted red corrections which reflect the proposed technical amendments. Exhibits 7, 8 079 MIKE GRAINEY addressed technical amendments in HB 2130-A13 (energy and tax code sections). 098 Questions and discussion. 115 MOTION REP. HOSTICKA moved adoption of Proposed Amendments HB 2130-A12. 120 ORDER There being no objection, CHAIR JONES so ordered. 122 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 213 0-A13 . 124 ORDER There being no objection, CHAIR JONES so ordered. 126 MOTION REP. PARKINSON moved HB 2130A as amended to the floor with a do pass recommendation. 130 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps. Whitty, Burton, Clark, Clarno, Nelson, Parkinson, Hosticka, Jones. EXCUSED: Rep. Schoon WORK SESSION - HB 3577A 153 CHAIR JONES explained a relationship to HJR 27 and a need to review technical compatibility. 159 ROBERT THORTON testified in support of HB 3577A and emphasized public and officer safety issues. He presented a newspaper article and provided examples of safety issues. Exhibit 9 235 REP. PARKINSON noted support of HB 3577A but did not believe more state troopers was a guarantee. Questions and discussion regarding police visibility. 255 REP. MANNIX noted that Senate Transportation passed out HJR 27 with amendments which require new taxes for funding any new highway policing (which requires new legislation). He addressed allocation of funds from HB 357 7 and a specific formula for city and county distribution.

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319 Questions and discussion regarding current structure of recreational vehicle registration fees. TERRY DRAKE noted the current dedication of recreational vehicle registration fees would remain, but the proposed additional \$15 would affect recreational vehicles. 342 Questions and discussion. 358 TERRY DRAKE discussed a current formula relating to administrative costs. 384 JOHN RIST noted suggested language relating to administrative costs in his proposed amendments presented to the Committee on June 6, 1991. (See Exhibit 5 from June 6, 1991 House Revenue meeting). 404 Questions and discussion regarding administrative cost for HB 3577A. TAPE 229 SIDE B 014 Questions and discussion regarding limiting language regarding administration costs. 032 CHAIR JONES discussed recommendations relating to distribution of funds (lines 17 and 18 - one-fifth distributed to the County Sheriff and City Police). She questioned who will determine the distribution. 040 REP. MANNIX suggested ways to distribute money to the County Sheriff and City Police departments on a per capita basis. 050 Questions and discussion regarding current distribution formula. 059 REP. NELSON was concerned with a per capita basis for rural counties and provided examples of extensive road systems served only by the County Sheriff. 067 REP. WHITTY shared the concerns as stated by Rep. Nelson. 076 Questions and discussion. 079 REP. BURTON favored the State Police determining the distribution in a coordinated effort. 100 CHAIR JONES did not believe the proposal is limited to state highway patrol. 105 REP. MANNIX suggested language for distribution: one-tenth distributed to the County Sheriff and one-tenth to the City Police with specific allocations made by the State Police. 115 REP. WHITTY questioned contracts between State Police and County Sheriffs.

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Page 7 122 Questions and discussion regarding "agreements" between state and counties (rural areas, patrol assistance). 146 CHAIR JONES questioned if the State Police would be comfortable with the distribution decision. 151 JERRY RUSSELL acknowledged that the procedure would be acceptable but was concerned with bookkeeping matters. 156 CHAIR JONES was concerned that the distribution of funds was not a normal function of the State Police. 160 REP. PARKINSON was uncomfortable with one law enforcement agency allocating funds to another law enforcement agency. 165 CHAIR JONES reviewed a current funding system for counties by vehicle registration and for cities by population. 170 Questions and discussion. 238 MOTION CHAIR JONES moved to insert on lines 17 and 18 that one-tenth of the money be distributed to the County Sheriff and one-tenth to the City Police with county distributed per vehicle registration and city by population. 254 ORDER There being no objection, CHAIR JONES so ordered. 258 TERRY DRAKE reviewed a need to correct line 11 of HB 3577, after (3) insert "after deduction of current expenses for collection and transfer from provisions of this act". 260 MOTION REP. PARKINSON moved adoption of language as described by Terry Drake on line 11. 270 ORDER There being no objection, CHAIR JONES so ordered. 273 BILL PENHOLLOW commented on the allocation of revenues for clarity purposes to add "for law enforcement" for the counties and "for traffic policing" for cities.

298 CHAIR JONES noted a current provision is Section 5 to address the concern of Bill Penhollow. 306 FRED NEIL related that the concern is a fiscal issue so that the budget process is not involved in distribution of funds from HB 3577. 326 Questions and discussion.

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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 June 10, 1991 Page 9 WORK SESSION - HB 3378 150 STEVE MEYER explained HB 3378 grants a property tax exemption to property leased by the Housing Authority and to property the Housing Authority is a general manager or a general partner. He discussed an Attorney General opinion which led to HB 3378. He noted Committee concerns relating to the limitation on the property description and meetings of a working group. He reviewed Proposed Amendments HB 3378.2. Exhibit 12 188 MOTION REP. BURTON moved adoption of Proposed Amendments HB 3378-2. 190 ORDER There being no objection, CHAIR JONES so ordered. 192 MOTION REP. CLARK moved HB 3378 as amended to the floor with a do pass recommendation. 200 DISCUSSION 230 VOTE In a roll call vote, the motion was adopted (8-1). AYES: Reps. Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Hosticka, Jones. NAYS: Rep. Whitty. WORK SESSION - HB 3416 238 STEVE MEYER explained HB 3416 relates to an existing exemption for low income housing passed during the 1989 Legislative Session. He reviewed two proposed changes to the existing exemption: 1) Change the definition of low income; 2) Allow the governing body to determine the number of years that the exemption is to be effective. He explained that HB 3141 has been combined with HB 3416 and referred to Proposed Amendments HB 3416-1. He reviewed the proposed amendments. Exhibit 14 301 Questions and discussion. 311 STEVE MEYER

referred to testimony from the Association of Oregon Housing Authorities. Exhibit 15 320 Questions and discussion regarding variation of income levels by number of persons in a family and by area. 337 MOTION CHAIR JONES moved adoption of Proposed Amendments HB 3416-1, 6/7/91. 340 ORDER There being no objection, CHAIR JONES so ordered.

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 June 10, 1991 Page 10 346 MOTION REP. CLARK moved HB 3416 as amended to the floor with a do pass recommendation. 360 VOTE In a roll call vote, the motion was adopted (7- 2). AYES: Reps. Burton, Clark, Clarno, Nelson, Parkinson, Hosticka, Jones. NAYS: Reps. Schoon, Whitty. WORK SESSION - HB 3075A 371 STEVE MEYER reviewed HB 3075A which provides a property tax exemption for certain owners of mobile homes. He reviewed Proposed Amendments HB 307 5-A5. Exhibit 16 405 Questions and discussion regarding language of manufactured dwelling v. mobile home. TAPE 231 SIDE A 008 Questions and discussion clarifying manufactured dwelling. 021 STEVE MEYER suggested to insert lines 14 and 15 from HB 3075 in Proposed Amendments HB 3075-A5 which would be a new subsection 4 (to clarify manufactured dwelling). Questions and discussion interspersed. 049 REP. SUNSERI explained the purpose of HB 3075 was to deal with relief for mobile home owners and rent control. 069 Questions and discussion regarding mobile home rent control. 081 Questions and discussion regarding impact from Ballot Measure 5. 130 MOTION REP. WHITTY moved adoption of Proposed Amendments HB 3075-A5, with new subsection 4 as described by staff. 133 ORDER There being no objection, CHAIR JONES so ordered. 139 MOTION REP. WHITTY moved HB 3075A as amended to the floor with a do pass recommendation. 143 REP. HOSTICKA explained he will not support the motion because of unclarified issues relating to HB 2550. 156 VOTE In a roll call vote, the motion was adopted (7-2). AYES: Reps. Clark, Clarno, Nelson, Parkinson, Whitty, Burton, Jones. NAYS: Reps. Schoon, Hosticka.

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Linda Leach Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Proposed Amendments HB 3213-AL, LRO, 6/10/91 - HB 3213 2. Revenue Analysis HB 3213A, LRO, 5/23/91 - HB 3213 3. Staff Measure Summary HB 3213A, House Committee on Intergovernmental Affairs, 6/10/91 - HB 3213 4. Fiscal Analysis HB 3213A, LFO, 5/22/91 - HB 3213 5. Proposed Amendments HB 2130-All, LRO, 6/6/91 - HB 2130 6. Proposed Amendments HB 2130-A12, LRO, 6/7/91 - HB 2130 7. Proposed Amendments HB 2130-A13, LRO, 6/7/91 - HB 2130 8. Hand Engrossed, HB 2130A, LRO, 6/10/91 - HB 2130 9. Newspaper Article, Robert Thornton, 1/26/91 - NB

3577 10. Amendments from Oregon Department of Transportation, John Rist, 6/6/91 (See Exhibit 5, page 3, from House Revenue and School Finance Committee 6/6/91 meeting) - HB 3577 11. Fiscal Analysis HB 3577, LFO, 6/6/91 - HB 3577 12. Proposed Amendments HB 3378-2, 6/6/91, LRO - HB 3378 13. Definitions ORS Chapters 456.005 - 456.720, LRO, 6/10/91 - HB 3378 14. Proposed Amendments HB 3416-1, LRO, 6/7/91 - HB 3416 15. Area Median Income Statistics, Association of Oregon Housing Authorities, 6/5/91 - HB 3416 16. Proposed Amendments HB 3075-A5, LRO, 6/6/91 - HB 3075

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