

Tapes42-43 (A/B)
Public Hearing: HB
244 1,
HB 3259

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME TAXATION

April 30, 1991 8:00 am Hearing Room 357 State Capitol Building

Members Present: Representative John Schoon, Chair
Representative Mike Burton
Representative Bev Clarno
Representative Mike Nelson
Members Excused: Representative Delna Jones
Witnesses: Representative Greg Walden, District # 56
Laura Pryor, Gilliam County Judge
Ray French, Morrow County Judge
Rodney Rolfe, Sherman County Judge
Bill Penhollow, Association of Oregon Counties
(AOC)
Joe Speight, Program Development Unit, Highway
Division (ODOT)
Representative Tom Mason, District 11
Bob Keyes, Reilly's of Oregon
Kurt Widmer, Widmer Brewing Company
Jerome Chicvara, Hood River Brewing
Staff: Terry Drake, Legislative Revenue Office
Steve Bender, Legislative Revenue Office
Marlene Stickley, Committee Assistant

TAPE 42. SIDE A

004 ACTING CHAIR CLARNO called the meeting to order at 8:17.
008 TERRY DRAKE commented that HB 3259-3 proposed amendments would take highway funds (that would otherwise go to ODOT) and distribute them to counties with a very low road fund resource revenue base. Exhibit 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 Subcommittee on Income Taxation April 30, 1991 Page 2

PUBLIC HEARING HB
325 9

018 REP. WALDEN noted that HB 3259-3 proposed amendments were drafted in case the gas tax bill (HB 3559) does not pass, noting the amendments do not generate new revenues and take money off the top of ODOT highway fund. Exhibit 1

038 REP. WALDEN explained the purpose of the proposed legislative language for distribution of special county road program funds. Exhibit 2, page 1

047 REP. WALDEN continued explaining the proposed language and overviewed examples of distribution, noting problems arise due to the formula dispersing funds for local needs based on population. Exhibit 2, page 2

070 LAURA PRYOR testified in support of HB 3259 and discussed the distribution for Gilliam county roads.

102 RAY FRENCH urged the passage of HB 3259 with the HB 3259-3 proposed amendments and reasoned the need for more money to maintain Morrow county roads.

137 RODNEY ROLFE recommended the consideration of HB 3259. Presented

background regarding Sherman county and road fund distribution, noting all funds come from taxing the property and cited a newsletter from ODOT regarding road improvement funding.

204 Questions and discussion followed regarding allocation of highway funds.

265 LAURA PRYOR clarified that population has fallen and property taxes are not generating the necessary money to fund road maintenance. Provided examples of road damage due to traffic volume.

297 RAY FRENCH discussed the decline in tax base for Morrow county and the decreasing of population.

320 REP. NELSON summarized the affects of Ballot Measure 5 and increased tourism on these counties and noted his support for HB 3259.

360 Questions and discussion continued regarding allocation of highway funds in relation to Ballot Measure 5.

TAPE 43. SIDE A

001 Questions and discussion continued regarding allocation of highway funds in relation to Ballot Measure 5.

004 LAURA PRYOR described the affects on Gilliam county due to a 50 percent budget loss.

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024 Questions and discussion regarding county budgets and HB 3259-3 proposed amendments. Exhibit 1

045 BILL PENHOLLOW explained highway funds are constitutionally dedicated for road purposes and counties receive a portion for maintenance and improvements.

060 Questions and discussion followed regarding misallocation of funds.

073 BILL PENHOLLOW explained (1986) research to identify inequities among counties and the method for allocating money led to the HB 3259-3 proposed amendments. Indicated research in 1993 will create a proposal for future legislature.

087 Questions and deliberation regarding research.

120 BILL PENHOLLOW discussed 1986 and 1993 research in conjunction with HB 325 9.

142 REP. BURTON felt the problem lies within the budget allocation and debated the need for research.

163 BILL PENHOLLOW described HB 3259 as a "temporary bandaid" to help a few counties and mentioned another bill (HB 3559-gas tax) proposes a two-year amendment to address the small county problems on a more permanent basis. Explained after the 1993 study the results will give some indication as to how to reallocate the road dollars available to counties.

185 LAURA PRYOR commented her concern of the gas tax bill not passing and summarized issues creating the desperation for HB 3259.

213 REP. NELSON concurred with county concerns and felt there was no question regarding the need for money, but questioned more research.

235 BILL PENHOLLOW explained that discussions have resulted in a concept that, if the gas tax bill (HB 3559) passes, statewide counties would apportion their revenue and allocate to these five counties and ODOT has agreed to match that revenue.

245 Questions and discussion regarding county allocation in relation to ODOT matching funds and HB 3259-3 proposed amendments. Exhibit 1

297 Discussion followed regarding mass transit in relation to highway funding.

360 CHAIR SCHOON questioned if counties have considered a bond in relation to funding roads.

373 BILL PENHOLLOW felt there were distinct differences regarding bond issues in relation to property taxes.

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395 RODNEY ROLFE clarified that bonds are repaid by the taxpayers and felt the taxpayers would not want that burden.

400 Questions and discussion followed regarding bonds.

TAPE 42. SIDE

B

001 Questions and discussion continued regarding bonds and road classifications.

024 CHAIR SCHOON questioned if counties have availed from a bill enabling counties to increase the registration locally and use the money for roads.

027 LAURA PRYOR responded there are too few registrations.

031 REP. BURTON hoped for a long term solution in contrast to "patching".

054 LAURA PRYOR stated her support for light rail.

060 JOE SPEIGHT noted he is not privy to discussions regarding the finance package.

068 REP. BURTON questioned the position of transportation regarding HB 325 9.

070 JOE SPEIGHT replied the department has not taken position on HB 3259, noting the department's interest in the gas tax increase and felt there was agreement with the counties to incorporate something like HB 3259 with the gas tax bill if it is approved.

074 REP. BURTON inquired about the allocation process.

074 JOE SPEIGHT discussed factors involved for distributing the money among counties, cities and state.

079 REP. BURTON questioned the determination of utilizing funds.

085 JOE SPEIGHT responded the county makes their own decision and the state makes the determination in regards to to highway funds.

087 REP. BURTON contended changing the current allocation process to reflect the needs of the counties.

090 JOE SPEIGHT felt the finance study would make a determination on what the county needs are.

099 Questions and discussion followed regarding research.

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102 BILL PENHOLLOW discussed information and statistics from a 1986 report, noting tax increases and allocations placed the state in a better position of meeting their needs than cities and counties. Expressed his feeling that the 1993 study will reveal the need to adjust the formula so counties will have the ability to meet their annual road needs and hoped it would generate a large source of revenue for redistributing revenues among the counties.

138 Questions and discussion followed regarding the determination for county allocation and a comprehensive approach to transportation.

344 CHAIR SCHOON recessed the meeting at 9:39 and reconvened at 9:59.

PUBLIC HEARING HB 2441

348 REP. MASON testified in support of HB 2441 and explained the purpose is to give local distributors the same benefit as out of state distributors in regards to sacramental wine.

365 BOB KEYES discussed a competitive balance with distributors outside Oregon borders, noting his feeling that it is unfair to be taxed as a distributor in Oregon.

370 Questions and discussion regarding sacramental wine in relation to taxation.

405 BOB KEYES clarified conditions for defining sacramental wine:

-have an aprobation by a roman catholic or episcopal bishop meet freshness quality guidelines set down by the church

-have less than 1 percent preservative within the wine

430 Questions and discussion followed regarding the definition of sacramental wine.

TAPB 43. SIDE B

001 Questions and discussion continued regarding the definition of sacramental wine and access authorization.
024 REP. MASON clarified access is very restrictive.
030 Questions and discussion followed regarding the criteria of sacramental wine.
053 BOB KEYES clarified that sacramental wine is not defined in law.
059 REP. MASON discussed language in HB 2441 clarifying wine can be sold, but only for sacramental purposes.
063 BOB KEYES mentioned other distributors may want to engage in the sale of sacramental wine, but did not foresee major distributors coming forward for this.

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069 STEVE BENDER referred to the HB 2441 review sheet and explained.
Exhibit 3
090 Questions and discussion interspersed regarding tax exemption for sacramental purposes.
102 REP. MASON clarified the simplicity of HB 2441.
113 Questions and discussion regarding sacramental entities.
143 KURT WIDMER mentioned HB 2441-1 proposed amendments change the language regarding production level from 25,000 barrels to 60,000 and requested the inclusion of ORS 471.253 which is the brew pub license. Exhibit 5, line 14
162 KURT WIDMER explained current law does not permit retail sales beyond the 25,000 barrel threshold and felt brew pubs would have to close the retail part of their business.
179 Questions and discussion regarding the threshold increase and brewery competition.
214 KURT WIDMER discussed affects the current threshold would have on breweries operating retail business on their premises.
224 KURT WIDMER explained a threshold established last session for federal beer and wine exemptions in relation to production level, noting this would bring Oregon into compliance with federal.
234 JEROME CHICVARA discussed success of the Oregon micro brewing industry, noting thresholds are being achieved that were never thought of. Explained the affects of exporting; compared tasting rooms and retail operations.
301 CHAIR SCHOON conducted administrative business and adjourned the meeting at 10:25.

Marlene Stickley, Committee Assistant
Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Proposed Amendments HB 3259-3, 4/29/91 - HB 3259
2. Proposed Legislative Language, Rep. Walden, 4/30/91 - HB 3259
3. HB 2441 (What It Does), LRO, 4/29/91 - HB 2441
4. Definition of Sacramental, LRO, 4/30/91 - HB 2441
5. Proposed Amendments HB 2441-1, 4/24/91 - HB 2441
6. Fiscal Statement, LFO, 4/29/91 - HB 2441
7. Fiscal Statement, LFO, 4/29/91 - HB 3259

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