

Tapes 10, 11, 12 (A/B  
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Tape 13 (A)  
Public Hearing:  
HB 2609

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON PROPERTY TAXATION

March 26, 1991 8:00 AM Hearing Room A State Capitol Building  
Members Present: Representative Fred Parkinson, Chair  
Representative Kelly Clark  
Representative Carl Hosticka  
Representative Delna Jones  
Representative Jim Whitty

Other Member

Present: Representative Cedric Hayden

Staff Present: Jim Scherzinger, Legislative Revenue Officer

Linda Leach, Committee Assistant

Witnesses Present: B.J. Smith, League of Oregon Cities

Mark Gardiner, League of Oregon Cities

Pat Clancy, League of Oregon Cities

Don Otterman, City of Keizer

Gary Holliday, City of Albany, Albany Redevelopment  
Agency

Patrick LaCrosse, Portland Development Commission,  
City of Portland

Oliver Norville, Attorney

Ken Hobson, City of Newport

John Mohr, Newport, Oregon

Tom Vanderzanden, Clackamas County

Ralph Groner, Clackamas County

Don Burt, City of Medford

Larry Lehman, City of Seaside

David Lawrence, City of Hillsboro

TAPE 10 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:08.

010 JIM SCHERZINGER referred to Estimates of County Value Growth 1991-92 as  
requested by the full committee. Exhibit 1

PUBLIC HEARING - HB

260 9

020 JIM SCHERZINGER explained HB 2609 related to farm use assessment which  
is not the purpose of this discussion. He reviewed Proposed Amendments to  
HB 2609 which delete farm use assessment and inserts urban renewal. Exhibit  
2

These minutes paraphrase and/or summarize statements made during this  
meeting. Text enclosed in quotation marks reports the speakers exact words.  
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100 JIM SCHERZINGER reviewed three options regarding urban renewal. Exhibit  
3

122 JIM SCHERZINGER discussed different views of who pays for urban renewal  
districts.

156 Questions and discussion regarding elected officials as members of an

urban renewal board.

164 BJ SMITH introduced Mark Gardiner and Pat Clancy.

173 MARK GARDINER provided his background with urban renewal agencies and pointed out Oregon has been successful with tax increment financing. He explained why tax increment financing should be available at the local level. Tax increment financing should be reimplemented to prevent damage to outstanding bonds and to insure the ability to access capital markets and the benefits of tax increment financing in the future. Exhibit 4

298 Questions and discussion regarding possible problems with existing tax increment bonds and an impact from how Ballot Measure 5 is implemented.

336 MARK GARDINER commented on three options before the committee. - Option 2 would effectively kill tax increment financing. - Option 3 would be workable. - Option 1 is closet to current system and is also workable.

354 PAT CLANCY commented on negative feelings about Option 2.

382 MARK GARDINER explained why a date limit is troublesome.

TAPE 11 SIDE

A

001 REP. HOSTICKA requested suggestions to deal with a concern of an open ended urban renewal process.

006 MARK GARDINER addressed public input throughout an urban renewal district's process.

015 Questions and discussion regarding impact on existing bonds.

036 REP. WHITTY was interested in revenue from the increased assessed value going to districts that are paying for an urban renewal project, rather than a specific time limit.

051 PAT CLANCY commented on computation of a tax levy (compression and competition issues).

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084 JIM SCHERZINGER discussed a concept of how urban renewal functions (previously and under Ballot Measure 5).

136 REP. CLARK clarified Options 1 and 3 fundamentally change the concept of urban renewal (holding value off the roll). He questioned if Measure 5 or what this committee is considering causes a change to urban renewal.

147 JIM SCHERZINGER explained that Option 2 tries to preserve the concept of holding value off the roll.

160 REP. CLARK summarized testimony that Option 2 together with Measure 5 would basically kill urban renewal.

166 JIM SCHERZINGER interjected that the concept of holding value off the roll cannot survive under Measure 5.

157 REP. CLARK supported an option which will allow urban renewal to operate.

164 Questions and discussion regarding revenue flow for urban renewal agencies.

193 REP. WHITTY was concerned with public projects funded under an urban renewal district.

200 DONALD OTTERMAN supported tax increment financing and summarized his prepared testimony. Exhibit 5 ,

281 REP. WHITTY related a situation when he was a member of a city council.

325 Questions and discussion regarding Keizer's water and sewer system.

350 Questions and discussion regarding tax increment funds paid to retire an indebtedness.

395 Questions and discussion regarding Keizer's tax rate which is below the cap.

TAPE 10 SIDE B

001 Questions and discussion regarding Keizer's budget and operating levy.

069 GARY HOLLIDAY supported tax increment financing and read his prepared testimony. Exhibit 6

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111 CHAIR PARKINSON was concerned with citizen protection with respect to urban renewal districts.

130 GARY HOLLIDAY related a situation in Albany from 1987 to 1988 assessed property value. Exhibit 6 - A

136 Questions and discussion regarding projects which come under urban renewal.

196 Questions and discussion regarding City of Albany's efforts to levy federal dollars.

225 GARY HOLLIDAY noted his preference of Option 3.

230 Discussion regarding Albany board of directors for urban renewal district.

250 GARY HOLLIDAY did not support an option of a date certain or maximum amount of bonded indebtedness.

260 Questions and discussion regarding political judgements v. financial judgements.

272 PATRICK LA CROSSE reviewed the issue of urban renewal public process and presented a chart entitled Urban Renewal Plan Adoption and Amendment Process. Exhibit 7

Questions and discussion interspersed.

367 OLIVER NORVILLE reviewed his background in urban renewal. He was concerned with tax increment financing placed on the tax statement because of it's complex nature. He reviewed a history of discussion on this issue.

TAPE 11 SIDE

B

001 OLIVER NORVILLE continued his testimony and explained a required annual report from urban renewal districts.

023 Questions and discussion.

043 OLIVER NORVILLE supported Option 3 but was concerned with impact on small communities.

087 Questions and discussion regarding a formal audit of an urban renewal district's annual report.

123 PATRICK LA CROSSE related Portland's Board of Directors (Urban Renewal) are not elected but are appointed by elected officials.

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129 Questions and discussion regarding urban renewal administrative costs

and authority to cover those costs.

200 Questions and discussion regarding annual report from an urban renewal agency.

282 OLIVER NORVILLE believed there is substantial statutory authority to operate urban renewal.

294 Questions and discussion regarding a refund provision for districts which are having trouble paying bonds.

363 OLIVER NORVILLE addressed the committees concern of lack of elected officials on urban renewal agency boards.

395 Questions and discussion.

TAPE 12 SIDE

A

003 REP. WHITTY was concerned with taxpayers paying for an urban renewal project and not receiving benefits from the project.

006 Questions and discussion.

010 PAT LA CROSSE explained the theory behind urban renewal of attracting new investments.

012 Questions and discussion regarding abuse of urban renewal districts.

032 CHAIR PARKINSON recessed the meeting at 10:02 and reconvened the meeting at 10:18

044 KEN HOBSON supported urban renewal and read his prepared testimony.

Exhibit 8

Questions and discussion interspersed.

157 JOHN MOHR provided his background in urban renewal districts. Although there may be abuse with urban renewal districts, he supported urban renewal and provided an example of a successful district in Newport. He supported addressing specific abuses and not to impact successful districts.

204 Questions and discussion regarding preventing abuse in urban renewal districts.

261 Questions and discussion regarding public perception and involvement in urban renewal districts.

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302 Questions and discussion regarding compression under Ballot Measure 5.

319 TOM VANDERZANDEN described his responsibility in Clackamas County and history of urban renewal districts. He supported urban renewal which helps in responding to land use planning. He believed a partnership should exist between the urban renewal district and other impacted taxing districts.

TAPE 13 SIDE A

001 TOM VANDERZANDEN continued his testimony and pointed out the benefits from an urban renewal district reaches those outside the boundaries of the district.

020 Questions and discussion regarding public involvement in urban renewal districts.

083 Questions and discussion regarding a vote of the people for approval of an urban renewal district.

093 TOM VANDERZANDEN commented on the difficulty in explaining urban renewal to the general public.

097 Questions and discussion regarding administrative cost of urban renewal districts and legal ramifications of what can be charged to bonding authority.

140 Questions and discussion regarding subcommittee schedule and procedure.

150 Questions and discussion regarding revenue from bonds (outside and

inside the limits of Measure 5).

175 REP. WHITTY questioned use of funds for maintenance of an urban renewal project.

186 TOM VANDERZANDEN commented on a time certain element of all Clackamas County urban renewal districts with authority for flexibility.

200 Questions and discussion regarding amendments to an urban renewal district.

226 TOM VANDERZANDEN pointed out that Clackamas County negotiates for plan amendments with the business community, general public and other affected governments and supported an initial time certain element in an urban renewal plan.

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230 Questions and discussion.

238 RALPH GRONER related goals of Clackamas County for an urban renewal district which he viewed as an economic development tool.

290 Questions and discussion regarding value on rolls upon completion of an urban renewal district.

294 DON BURT related Medford's urban renewal district which has a maximum value and duration date. He explained public input in the plan, including community workshops and members on appointed board.

TAPE 12 SIDE

B

005 REP. WHITTY questioned if a vote of the people would take away an urban renewal district's flexibility (for amendments).

010 DON BURT answered "correct".

019 Questions and discussion regarding Don Burt's statement that an urban renewal district would not work with a voting process.

042 DON BURT supported Option 3 Urban Renewal Plan.

053 LARRY LEHMAN provided history of Seaside's urban renewal districts. A vote by the people would be difficult and believed flexibility was necessary. He supported Option 3.

070 Questions and discussion.

091 DAVID LAWRENCE reviewed the City of Hillsboro's urban renewal district and public involvement. He discussed the impact from Ballot Measure 5 on urban renewal and returning value to the rolls. He supported legislation which provides for the management of collections. He suggested the Department of Revenue disclose urban renewal on tax statements by rule. Opponents to an urban renewal project have the option of a referendum to defeat a project.

240 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 11:29.

Linda Leach, Committee

Assistant

Kimberly Taylor, Office

Manager

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EXHIBIT SUMMARY

1. Estimates of County Value Growth, 3/25/91, LRO - Miscellaneous
2. Urban Renewal Options 1,2,3, LRO (see Exhibit 2 of Subcommittee on Property Taxation 3/6/91 meeting) - HB 2550
3. Proposed Amendments to House Bill 2609, 3/26/91, LRO - HB 2609
4. Testimony from Mark Gardiner, 3/26/91 - HB 2609
5. Testimony from Donald Otterman, 3/26/91 - HB 2609
6. Testimony from Gary Holliday, 3/26/91 - HB 2609
7. Chart from Patrick LaCrosse, 3/26/91 - HB 2609
8. Testimony from Ken Hobson, 3/26/91 - HB 2609

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