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Tapes 14-15
(A/B)
Tape 16 (A)
Work Session: HB
260 9

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON PROPERTY TAXATION

March 27, 1991 8:00 AM Hearing Room 357 State Capitol Building

Members Present: Representative Fred Parkinson, Chair
Representative Kelly Clark
Representative Carl Hosticka
Representative Delna Jones
Representative Jim Whitty

Staff Present: Jim Scherzinger, Legislative Revenue Officer
Linda Leach, Committee Assistant

Witnesses Present: Chuck Smith, State Treasury
Elizabeth Stockdale, Department of Justice
Mary Tobias, Tualatin Valley Economic Corporation Dick Briggs, Eugene
Chamber of Commerce
Doug McGregor, Portland Development Commission Oliver Norville, Attorney,
Portland, Oregon
David Lawrence, City of Hillsboro
Kim Worrell, Association of Oregon Counties

TAPE 14 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:13. He related that representatives from State Treasury and Department of Justice will address previous questions from the subcommittee.

WORK SESSION - HB

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019 JIM SCHERZINGER clarified a specific issue of salaries charged to an urban renewal agency.

020 CHUCK SMITH related the role of the Treasury with respect to local government issues which acts as staff to the Municipal Debt Advisory Commission (MDAC) and tracks total state outstanding issuance. The Treasury Department is not knowledgeable regarding programmatic questions and Chuck Smith did not have an opinion of what was outside the limit regarding bonded indebtedness. The Oregon State Treasury approves any advance refunding plan from a local government agency.

053 Questions and discussion regarding advance refunding mechanism.

103 Questions and discussion regarding the bond market relating to the implementation of Measure 5.

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114 CHUCK SMITH emphasized a need to maintain the integrity of outstanding bonds at the local and state level.

129 JIM SCHERZINGER outlined the committee's questions to Elizabeth Stockdale: 1) What is the difference between bonded debt and regular indebtedness of an urban renewal district (because bonded indebtedness is

outside the cap and the regular levy of the district is inside the ,cap)?
2) Can salaries be paid from bonded debt proceeds for operating an urban renewal district?

164 ELIZABETH STOCKDALE explained her background as a tax lawyer and not a local government lawyer. She reviewed the definition of bonded indebtedness in HB 2550. She reviewed the definitions of bonded indebtedness and exempt bonded indebtedness in HB 2550. She reviewed three classes of bonded indebtedness which can be collected outside the limits of Measure 5.

204 Questions and discussion regarding a local governmental body spending money over their base as a result of incremental financing and being subject to Measure 5.

278 ELIZABETH STOCKDALE related if a governmental unit has bonded indebtedness (as defined in HB 2550) and tax increment money is used to pay principal and interest on bonded indebtedness, then that money is outside the limit. The purpose for which bonded indebtedness is incurred is a different issue which is not addressed by Measure 5. She reviewed the substantive law governing urban renewal.

279 MARY TOBIAS represented a private (not for profit) economic development corporation in Washington County which concentrates on an Oregon economic climate conducive to job creation, retention and family wage jobs. She supported urban renewal plan option 3. She supported public investment through urban renewal and discussed concerns regarding a lack of trust in the urban renewal agencies.

TAPE 15 SIDE

A

007 DICK BRIGGS reviewed Eugene's four urban renewal districts and supported urban renewal as an essential tool.

030 Questions and discussion regarding election limitations on urban renewal districts.

047 REP. PARKINSON pointed out his concern regarding elections and that an opportunity for a vote on urban renewal should be available.

054 REP. CLARK interjected that urban renewal plans are no more complex than other issues found on ballots.

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060 Questions and discussion regarding increase in urban renewal agencies because of Measure 5 restrictions and a possible vote requirement for an urban renewal district.

104 REP. WHITTY was concerned with public buildings funded out of urban renewal.

125 Questions and discussion regarding Eugene's voting history.

162 DOUGLAS MC GREGOR pointed out he was appointed to the Portland Development Commission by the mayor. He addressed the issue of election to the urban renewal agency and election of projects within the agency. He supported urban renewal and related restraints from Measure 5. He addressed public accountability and benefits from an urban renewal district. He gave examples why he believed a vote on projects would be difficult and why members on an urban renewal board should have expertise in different areas.

253 Questions and discussion regarding urban renewal taxes reflected on tax bill.

312 Questions and discussion regarding membership on urban renewal agency and election issues (members and projects).

TAPE 14 SIDE

B

002 DOUGLAS MC GREGOR related how his time is devoted to urban renewal issues and did not support public buildings as an urban renewal project.

013 Questions and discussion.

026 CHAIR PARKINSON was concerned with definition of bonded indebtedness under HB 2550 and being outside the limits of Measure 5.

037 ELIZABETH STOCKDALE reviewed Article IX of the Oregon Constitution, Section 1c and Urban Renewal Statutes which have specific provisions relating to urban renewal projects and indebtedness.

118 Questions and discussion regarding limitations on kinds of projects included in an urban renewal project.

186 Questions and discussion regarding ways in which urban renewal agencies raise money, decide to use tax increment financing to pay indebtedness, and how revenue would be outside Measure 5 limits.

210 CHAIR PARKINSON questioned if urban renewal revenue could be spent on salaries (percentages).

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220 ELIZABETH STOCKDALE explained the limitations for the use of tax increment money is for indebtedness for carrying out a plan.

236 CHAIR PARKINSON recessed the meeting at 9:28 and reconvened at 9:45.

240 CHAIR PARKINSON questioned if the urban renewal revenue could be spent on salaries.

258 OLIVER NORVILLE believed Measure 5 and Article IX, Section 1c of the Oregon Constitution is why tax increment financing is outside the limits of Measure 5.

278 CHAIR PARKINSON commented on the definition of bonded indebtedness in HB 2550.

300 Questions and discussion regarding a scenario where a district would fund salaries out of an urban renewal project as a way to get outside the limits of Measure 5.

310 OLIVER NORVILLE explained an involved process for developing an urban renewal district and that the scenario described would be very difficult.

320 Discussion regarding definition of indebtedness.

360 OLIVER NORVILLE reviewed ORS 457.170 which deals with the powers of an urban renewal district and ORS 457.180 which deals with general powers of an urban renewal agency.

TAPE 15 SIDE B

005 Questions and discussion regarding public buildings as an urban renewal project and how plans can be limited.

101 OLIVER NORVILLE reviewed the legislative history of ORS 457.180.

137 DAVID LAWRENCE addressed concerns of the subcommittee and reviewed proposed amendments to HB 2609. Exhibit 1

Questions and discussion interspersed.

381 DAVID LAWRENCE reviewed his responsibilities related to Hillsboro's urban renewal projects and addressed the payment of his salary which is funded partly from urban renewal funds.

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TAPE 16 SIDE A

001 Questions and discussion regarding salaries billed to urban renewal funds (ethical and legal issues).
030 CHAIR PARKINSON reviewed Urban Renewal Issues and requested input from the committee. Exhibit 2
060 Questions and discussion regarding list of Urban Renewal Issues.
120 Questions and discussion regarding levy authority inside Measure 5 cap.
140 Questions and discussion regarding competition issues between local districts.
159 Questions and discussion regarding subcommittee procedure and request for amendments to HB 2609.
225 KIM WORRELL commented on calculating tax rates relating to Option 3.
258 CHAIR PARKINSON adjourned the meeting at 10:42.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Testimony and Proposed Amendments, David Lawrence, 3/27/91 - HB 2609
2. Urban Renewal Issues, LRO, 3/27/91 - HB 2609

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