

Tapes 17-18 (A/B)
Work Session HB 2609

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON PROPERTY TAXATION

April 2, 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: Jeannette Launer, Portland Development Commission David
Lawrence, City of Hillsboro BJ Smith, League of Oregon Cities Glenn Klein,
City of Eugene
Jim Coleman, Attorney, Portland, Oregon
TAPE 17 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:42.

WORK SESSION - HB 2609

009 CHAIR PARKINSON reviewed issues relating to tax increment financing:
-Requirement or no requirement of an election (for urban renewal
districts).
-A cap on the dollar amount of bonds and a date limit for selling
bonds.
-He supported a more detailed notification than current process.
-He addressed a limit on public buildings under a urban renewal project.

033 REP. JONES requested clarification of current notification
requirements. She referred to a flow chart for an urban renewal plan
adoption and amendment. Exhibit 1

053 DAVID LAWRENCE reviewed City of Hillsboro's process for an urban
renewal plan adoption. He suggested a correction to current law because
there is not a specific requirement to send an urban renewal report to the
governing bodies of the affected jurisdictions before the city council
adopts a plan.

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meeting. Text enclosed in quotation marks reports the speakers exact words.
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070 JEANNETTE LAUNER explained a requirement in the Urban Renewal Statutes
for public notification of an urban renewal district or amendment. She
related an example of land use decisions and notification process.

100 Questions and discussion regarding urban renewal notification and land

use decisions.

,141 Questions and discussion regarding notification of cost estimates for an urban renewal plan.

158 JIM SCHERZINGER referred to Proposed Amendments to HB 2609-1, dated 4/1/91 and Proposed Amendments to HB 2609-2, dated 4/1/91. He explained how proposed amendments tie to Urban Renewal Issues. Exhibits 2, 3, 4

180 REP. WHITTY was concerned with Urban Renewal Issues (8) - Emphasize project must benefit urban renewal area. Exhibit 4

190 JIM SCHERZINGER explained Proposed Amendments to HB 2609-1 and HB 2609-2 accomplish Option 3 in a different way according to interpretation of Option 3. (Urban Renewal Option 3 - See Subcommittee on Property Taxation March 6, 1991 meeting, Exhibit 3, HB 2550)

196 JIM SCHERZINGER reviewed HB 2609-2 which reflect recommendations from the Attorney Generals office with a few changes for clarity.

220 JIM SCHERZINGER pointed out page 2 of Proposed Amendments to HB 2609-2 which is a change from current law and reflects issue (2) Urban renewal levy shown on tax statement (two amounts - outside and inside).

218 CONSENSUS REP. PARKINSON noted consensus to proposed amendments to HB 2609-2 reflecting Urban Renewal Issues (2). Exhibit 4

220 JIM SCHERZINGER reviewed definitions on pages 3, 4 and 5 which are used in the calculations of Option 3. He pointed out page 5, section 3 reflects issue (7) - Elected officials on board. He reviewed a proposal from the League of Oregon Cities.

247 CONSENSUS REP. PARKINSON noted consensus to proposed amendments to HB 2609-2 reflecting Urban Renewal Issues (7). Exhibit 4

256 JIM SCHERZINGER reviewed page 6 of Proposed Amendments HB 2609-2 regarding the contents of an urban renewal plan. Page 7, line 14 is new language reflecting Urban Renewal Issues (3) - Plan contain date or debt limit. Exhibit 4

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273 Questions and discussion regarding requiring one or two limits (date or debt limit).

336 BJ SMITH pointed out benefits in a plan containing flexibility and supported either/or (date or debt limit).

363 Questions and discussion.

400 CONSENSUS CHAIR PARKINSON noted consensus to proposed amendments to HB 2609-2 reflecting Urban Renewal Issues (3). Exhibit 4

TAPE 18 SIDE A

001 JIM SCHERZINGER reviewed a new Section (i) on page 7 of HB 2609-2 which relates to Urban Renewal Issues (4) - Better define significant plan amendment.

010 Questions and discussion. -

022 CONSENSUS CHAIR PARKINSON noted consensus to proposed amendments to HB 2609-2 reflecting Urban Renewal Issues (4). Exhibit 4

024 JIM SCHERZINGER reviewed page 9 of HB 2609-2 suggested by the League of Oregon Cities which reflects Urban Renewal Issues (9) Requires consultation with affected taxing districts.

033 Questions and discussion.

042 REP. CLARK noted concern with language on page 9 reflecting issue (9) .

044 REP. HOSTICKA believed the Legislative intent (page 9 - issue 9) was that the recommendations from the taxing district governing body would be

laid out on a agenda, be part of the discussion and the governing body must specifically adopt, amend or reject those suggestions.

057 Questions and discussion.

063 BJ SMITH explained the League's specific intent to make certain that there was a consultation requirement for the affected taxing districts which is an attempt to improve upon the current language.

070 REP. HOSTICKA pointed out parallels with the environmental protection act.

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083 REP. CLARK suggested language for an affirmative action from the districts.

092 MOTION REP. CLARK moved to adopt conceptually the deletion of "considered" and insert "accepted, rejected or amended". Exhibit 3, page 9, lines 10-11

100 ORDER There being no objection, CHAIR PARKINSON so ordered.

103 JIM SCHERZINGER reviewed Section 6 of HB 2609- 2 which reflects Urban Renewal Issues (5) - Election issue.

110 CHAIR PARKINSON suggested to return to the election issue after notification issue is decided.

113 JIM SCHERZINGER reviewed Section 9 which returns to Urban Renewal Issues (3) - Plan contain date or debt limit (relating to grandfathering plans).

129 Questions and discussion.

143 CONSENSUS CHAIR PARKINSON noted consensus to proposed amendments to HB 260 9-2 reflecting Urban Renewal Issues (3). Exhibit 4

149 BJ SMITH suggested to reconsider a method of grandfathering.

156 Questions and discussion.

164 DAVID LAWRENCE reviewed HillSB oro's urban renewal plan.

180 Questions and discussion regarding a plan containing a date or debt limit.

240 DAVID LAWRENCE did not have a problem with language of a bond cap or a date limit. He was concerned about language requiring an existing district to amend their plan which may cause a problem relating to serial issuance of bonds. He recommended making dates and plan limits non-retroactive.

256 GLENN KLEIN reviewed City of Eugene's urban renewal plans.

257 CHAIR PARKINSON wanted to treat existing urban renewal districts similar to new urban renewal districts but not cause harm because of outstanding bonds.

274 Questions and discussion.

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280 REP. HOSTICKA pointed out that the districts prefer not to have suggested language (grandfathering) in the statutes, but questioned the witnesses as to what kind of practical problem the language created.

291 GLENN KLEIN explained the problem would not be big.

303 Questions and discussion regarding timeline so existing urban renewal districts (through non emergency ordinance) can conform.

315 CONSENSUS CHAIR PARKINSON noted consensus to proposed amendments to HB 260 9-2, Section 9. Exhibit 3

318 JIM SCHERZINGER reviewed Section 10 relating to the tax calculation of Option 3. Page 13, lines 16-19 is a policy choice in determining rates under Option 3 (one certification to the assessor for all areas of one urban renewal area). He explained certification requirements for the purposes of paying bonded indebtedness. He pointed out Urban Renewal Issues (6) - Can creating authority limit levy inside Measure 5 cap, is reflected in Section 10 which allows limitation of the funds received by the agency which are subject to Measure 5 limits.

385 Questions and discussion regarding certification to assessor.

400 JIM SCHERZINGER explained pages 13 through 19 are placing Option 3 into effect. Exhibit 3

TAPE 17 SIDE

B

020 JIM SCHERZINGER reviewed diagram of Option 3 (see Exhibit 3 from March 6 Subcommittee on Property Taxation meeting - HB 2550) which shows the urban renewal "levy" taken from the school district rate.

040 Questions and discussion regarding diagram of Option 3.

094 JIM SCHERZINGER reviewed issues of Option 3 interpretation and drafting (limit rate, create gap, spread gap, lower rate).

126 Questions and discussion regarding certification to assessor.

175 Questions and discussion regarding amount of generated money.

211 Questions and discussion regarding an uncollected "gap".

217 JIM SCHERZINGER explained Proposed Amendments to HB 2609-2 deals with an uncollected "gap" by levying less within the district which created the urban renewal entity. Proposed Amendments to HB 2609-1 deals with an uncollected "gap" by lowering the overall rate of the whole school district.

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228 Questions and discussion regarding unspecified authority to levy taxes.

253 Questions and discussion regarding which taxpayer benefits from different proposals.

267 JIM SCHERZINGER explained that the League of Oregon Cities has a proposal relating to Issues (8) and (9) of Urban Renewal Issues which ,deals with a limitation of how to spend money. Exhibit 4

291 BJ SMITH presented rough amendments to address the Subcommittee's concerns relating to public buildings. Exhibit 5

301 JIM COLEMAN described proposed amendments beginning with a limitation on ORS 457.170 which describes the scope of authority for agencies to do projects. He reviewed language of "project" instead of "site". He reviewed proposed added requirements for project report. Exhibit 5

358 Questions and discussion regarding benefits to urban renewal districts and benefits to other areas (narrowing proposed language).

403 CHAIR PARKINSON was unsure if the proposed language from League of Oregon Cities accomplishes the Subcommittee's desires (proper use of urban

renewal funds).

TAPE 18 SIDE

B

004 CHAIR PARKINSON recommended specific language to deal with public buildings.

012 JIM COLEMAN preferred a standard for a project and to allow local communities and agencies decide if a proposed project meets the standard.

023 Questions and discussion.

027 REP. WHITTY was concerned with the use of urban renewal financing to circumvent the responsibility of a municipality or county government.

044 CHAIR PARKINSON noted the Subcommittee will return to the issue of public buildings at a later meeting.

046 Questions and discussion regarding language of "substantially" in proposed amendments from League of Oregon Cities.

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058 JIM COLEMAN commented on the intent of proposed amendments from League of Oregon Cities was to allow agencies to look at projects involving public buildings or facilities on a case by case basis.

065 Questions and discussion regarding a project in Oregon City.

084 Questions and discussion regarding a challenge to an urban renewal project.

090 JIM SCHERZINGER summarized two issues before the subcommittee: 1) Ban on certain public facilities. 2) Local discretion in some circumstances that some public facilities are permissible.

097 REP. WHITTY provided an example of an urban renewal agency circumventing the system.

113 Questions and discussion.

120 JIM SCHERZINGER questioned if the Subcommittee wanted a limitation based on type of facility or based on a judgment of benefit from the facility. He provided examples.

141 Questions and discussion.

160 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 10:19.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Flow Chart, Urban Renewal Plan Adoption and Amendment Process - (See Exhibit 7 from Subcommittee on Property Taxation 3/26/91 meeting) HB 2609

2. Proposed Amendments to HB 2609-1, 4/1/91 - HB 2609

3. Proposed Amendments to HB 2609-2, 4/1/91 - HB 2609

4. Urban Renewal Issues, LRO (see Exhibit 2 from Subcommittee on Property Taxation 3/27/91 meeting) - HB 2609

5. Proposed Amendments to HB 2609, League of Oregon Cities, 4/2/91 - HB 2609

6. Urban Renewal Options - Estimates Based on HB 2550-A 1991-92, 4/1/91, LRO - HB 2609

7. Testimony from City of Gladstone, 3/27/91 - HB 2609

8. Testimony from Carolyn Wood, The Dalles City Council, 3/29/91 - HB 2609

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