

Tapes25-26 (A/B)

Tape 27 (A)

Work Session: HB 3048

HB 2609

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON PROPERTY TAXATION

April 10, 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

Members Excused: Representative Jim Whitty

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

Witnesses Present: Steve Smith, Deputy State Treasurer

Jim Shannon, Chair, Municipal Debt Advisory Commission (MDAC)

Bob Muir, Department of Justice

BJ Smith, League of Oregon Cities

David Lawrence, City of Hillsboro

TAPE 25 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:25.

WORK SESSION - HB 3048

011 JIM SCHERZINGER provided background information on HB 3048. He referred to Proposed Amendments HB 3048-4, Repealed Sections, and testimony / proposed amendments from Glenn Klein.

Exhibits 1, 2, 3

Questions and discussion interspersed.

060 REP. JONES referred to Summary of Recommendations from the MDAC. (See Exhibit 4 from Subcommittee on Property Taxation 3/1/91 meeting).

065 STEVE SMITH explained HB 3048 places all local entities on the "same playing field" which provides similar debt issuance capabilities and will enhance the credit quality of the debt issuance.

080 JIM SHANNON reviewed Summary of Recommendations from the MDAC. He pointed out definitions which are found in HB 2550. (See Exhibit 4 from Subcommittee on Property Taxation 3/1/91 meeting).

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174 Questions and discussion regarding local government's authority to incur indebtedness.

200 JIM SHANNON continued review of Summary of Recommendations and pointed out that recommendations 1, 3, 4, 8, 9 and 10 are in HB 3048. Other recommendations are in HB 2550 and other legislation.

231 JIM SCHERZINGER commented that recommendation 14 is in Section 116, and relates to intergovernmental agencies.

245 BOB MUIR pointed out Section 116 is in reference to intergovernmental authorities but does not provide authorization. The authorization will be in a separate draft introduced by Sen. Cohen.

266 Questions and discussion regarding subcommittee procedure for reviewing HB 3048 and proposed amendments.

317 JIM SCHERZINGER noted that Proposed Amendments HB 3048-4 eliminates the first five pages of HB 3048 and inserts a new Section 1 relating to state debt limits in the Constitution. Exhibit 1

323 BOB MUIR explained Section 1 (Proposed Amendments HB 30484) provides computation language for market value (Measure 5) instead of true cash value.

355 Questions and discussion.

374 JIM SCHERZINGER reviewed definitions deleted from Section 9a of HB 3048 and replaced with reference to HB 2550 definitions in Proposed Amendments (credit enhancement, local improvement assessments, single assessment). He referred to Ballot Measure 5. Exhibit 4

TAPE 26 SIDE

A

029 JIM SCHERZINGER continued review of definitions (final assessment, process to track costs, financing).

036 Questions and discussion regarding the definition of financing.

044 BOB MUIR clarified what is considered a finance cost and interjected that there is no intent to enhance the definition of financing. He pointed out that bond attorneys prefer certainty.

053 JIM SCHERZINGER explained some of the definitions in HB 3048 were not required before (Measure 5) because it was not necessary to determine a relationship to a Constitutional amendment limiting the imposition of taxes. He reviewed the definition of costs which are eligible for local improvement exceptions to Ballot Measure 5.

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070 BOB MUIR agreed with Jim Scherzinger's assessment.

075 JIM SCHERZINGER continued his review of definitions (governing body, governmental unit, systems development charges, lot owner, recorder, structure, treasurer).

080 JIM SCHERZINGER reviewed Sections 10 through 18 of HB 3048 which relate to economic improvement districts and assessments for projects, (purpose in Section 18) and expands authority to governmental units.

093 Questions and discussion.

119 BOB MUIR clarified that the economic improvement district section does not determine whether an improvement is under Measure 5 limits.

140 Questions and discussion.

163 JIM SCHERZINGER reviewed sections changing true cash value to real market value. He summarized sections relating to the expansion of bancroft bonding authority to all governmental units.

180 REP. JONES clarified the intent is to give all governmental units the same authority (financing) as cities have had in the past.

199 Questions and discussion regarding voting requirements of local governments.

211 JIM SCHERZINGER reviewed language which provides a distinction between estimated and final assessment.

238 BOB MUIR reviewed the MDAC work in arriving at general recommendations and the development of drafts. He explained why he suggested to delete the language on lines 37-40 on page 11 of HB 3048 which restores the law to the present state (not the intent to change limitations).

265 Questions and discussion.

285 JIM SCHERZINGER reviewed page 12 relating to bancroft bonding and a

proposed option for payment over 10 years.

320 Questions and discussion regarding conditions to the local improvements (outside the limits of Measure 5) and payment over 10 years.

360 JIM SCHERZINGER reviewed Section 26 changes relative to governmental units and repealing language (still in section of expanding the authority to issue bancroft bonds to governmental units).

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390 JIM SHANNON pointed out that Section 26 reflects the first recommendation from the MDAC.

TAPE 25 SIDE

B

005 JIM SHANNON explained Section 26 is an attempt to conform the issuance of bonds under the bancroft bonding statute to Ballot Measure 5.

b30 Questions and discussion regarding voter approval language in Ballot Measure 5.

066 Questions and discussion regarding local budget law.

080 JIM SCHERZINGER reviewed Section 27 (change to governmental unit).

Section 28 allows a governmental unit to create a separate account within the bancroft redemption fund for separate issues of bonds or notes.

Sections 29 and 30 relate to semi-annual bancroft bond payments. Section 31 changes a delinquency period from one year to 60 days.

110 JIM SHANNON explained reasons for proposed change in Section 31 and pointed out the restraints on local governments because of Ballot Measure 5.

125 REP. CLARK added that 60 days may be too narrow.

137 Questions and discussion.

144 Questions and discussion regarding traditional treatment on late bancroft payments.

174 REP. CLARK suggested a 60 day period after the taxpayer receives a delinquency notice.

203 CHAIR PARKINSON wanted to review Section 31 in detail at a future meeting.

210 JIM SCHERZINGER reviewed Section 34 which allows other accounts to be designated for deposit of payments.

226 CHAIR PARKINSON recessed the meeting at 9:38 and reconvened the meeting at 10:05.

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WORK SESSION - HB 2609

236 JIM SCHERZINGER referred to Urban Renewal Issues and reviewed (Decisions) To Be Decided. Proposed Amendments HB 2609-3 reflect detailed

notification requirements. Proposed Amendments HB 2609-4 reflect subcommittee decisions made to date (with a few exceptions) and the election requirement. He explained language relating to restricting the financing of public buildings (page 13 of HB 2609-4) ,does not reflect the subcommittee intention and will need correction. The amendments define public buildings and may be too broad.

310 Questions and discussion regarding definition of public buildings.

337 JIM SCHERZINGER pointed out "primarily" needs to be inserted before "serves" on line 2, page 13 of HB 2609-4 amendments. Section 13, pages 18, 19, 20 of HB 2609-4 amendments begin the calculation of the "urban renewal levy" and divides the rate of the portion of the taxing district inside the creating municipality. He explained the calculation and necessary certifications.

403 Questions and discussion regarding Section 13 of HB 2609-4.

TAPE 26 SIDE B

001 Section 13 discussion continued.

015 Questions and discussion regarding a possible challenge that "urban renewal taxes" are subject to the limits of Measure 5 and testimony to the Subcommittee (4/9/91) from the authors of Ballot Measure 5.

049 JIM SCHERZINGER noted language which should be deleted on lines 28 and 29 on page 18 of HB 2609-4 (delete language after "taxing districts").

060 JIM SCHERZINGER reviewed Subsection 5, page 19 of HB 2609-4 which computes the regular tax rate and the urban renewal levy. Subsection 6 provides calculation for the dividing rate and variables. He referred to Option 3 which extends the urban renewal levy on the portion of the taxing district within the creating municipality. He provided an example. He suggested an amendment to Subsection 6 that the ratio be not greater than 1. Exhibit 8

145 REP. CLARK noted his concern with testimony received on April 9, 1991 from the authors of Ballot Measure 5. He questioned the process involved as described by Jim Scherzinger (meter 060).

156 JIM SCHERZINGER pointed out the process is driven by certification and is a mathematical calculation.

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164 JIM SCHERZINGER continued to review the calculation of the urban renewal levy. He described limitation on rates, bonded debt and nonbonded debt components. He reviewed a "gap" - a calculation of an urban renewal rate that is not fully used. HB 2609-4 leaves the gap and he referred to Option 3.

202 Questions and discussion.

235 Questions and discussion regarding unused levy authority.

301 CONSENSUS CHAIR PARKINSON asked the subcommittee if there

was objection to adopting Option 3 (leave under

levy the way it is).

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

309 JIM SCHERZINGER reviewed Proposed Amendments HB 2609-6 which replace HB 260 9-3 Proposed Amendments and replace the election requirement in HB 260 9-4 Proposed Amendments. Exhibit 9

327 BJ SMITH explained HB 2609-6 requires the municipality to cause a direct mailing to real property taxpayers of the municipality for the plan and substantial amendments. She reviewed details of the proposed amendments.

347 Questions and discussion.

354 BJ SMITH noted that the proposed direct mailing requirement is in addition to the required public notice under current law.

365 BJ SMITH noted that HB 2609-6 is from the League of Oregon Cities at the direction of the subcommittee. She noted her concern with the cost of personal service.

373 Questions and discussion.

377 DAVID LAWRENCE reviewed the details of the direct mail notice as proposed in HB 2609-6.

TAPE 27 SIDE A

002 Questions and discussion regarding mailing requirements.

019 Questions and discussion regarding definition of substantial amendment.

043 CHAIR PARKINSON wanted to include in the mail notification the maximum amount of bonded indebtedness or the date certain.

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053 REP. JONES noted that the inclusion of the date or the amount during the planning process may not work.

061 Questions and discussion regarding timing of the proposed direct mailing and uncertainties of urban renewal plan (at this point the urban renewal plan is a draft).

124 DAVID LAWRENCE explained the direct mailing would take place at least two weeks prior to a council meeting.

122 Questions and discussion regarding subcommittee procedure.

130 Questions and discussion regarding when bonded amount and time certain would not be appropriate in direct mailing.

151 MOTION REP. JONES moved HB 2609-4 Proposed Amendments (4/8/91) as amended by HB 2609-6 Proposed Amendments (4/10/91) which replace the election section of HB 2609-4 and conceptual amendments to HB 2609-4 as discussed.

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

170 MOTION CHAIR PARKINSON moved HB 2609 as amended to the full committee.

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

177 CHAIR PARKINSON adjourned the meeting at 10:59.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Proposed Amendments HB 3048-4, 4/8/91, MDAC - HB 3048

2. Repealed Sections, LRO, 4/10/91 - HB 3048

3. Testimony/Proposed Amendments, Glenn Klein, 4/10/91 - HB 3048

4. Ballot Measure 5, LRO, 4/10/91 - HB 3048

5. Urban Renewal Issues, LRO, 4/9/91 (see Exhibit 1 from Subcommittee on Property Taxation 4/9/91 meeting) - HB 2609

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EXHIBIT SUMMARY (CONT.)

6. Proposed Amendments HB 2609-3, 4/5/91, Rep. Parkinson (See Exhibit 4 from Subcommittee on Property Taxation 4/9/91 meeting) - HB 2609
7. Proposed Amendments HB 2609-4, 4/8/91, LRO (See Exhibit 3 from Subcommittee on Property Taxation 4/9/91 meeting) - HB 2609
8. Urban Renewal Option 3, LRO, 4/10/91 (See Exhibit 3 from 3/6/91 Subcommittee on Property Taxation meeting) - HB 2550
9. Proposed Amendments HB 2609-6, 4/10/91, LRO - HB 2609
10. Testimony from Easton Cross, 4/9/91 - HB 2609

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