

Tapes28-29 (A/B)  
Tapes30-31 (A)  
Work Session: HB  
304 8

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON PROPERTY TAXATION

April 16, 1991 8:00 AM Hearing Room A State Capitol Building

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

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

Witnesses Present: Chuck Smith, State Treasury  
Bob Muir, Department of Justice  
Jim Shannon, Municipal Debt Advisory Commission  
(MDAC)  
Glenn Klein, Attorney, City of Eugene

TAPE 28 SIDE A .

005 CHAIR PARKINSON called the meeting to order at 8:09.  
WORK SESSION - HB  
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010 JIM SCHERZINGER reviewed Section 36 of HB 3048 (continuation of review from 4/10/91 Subcommittee meeting) which relates to bancroft bonding and extends ability to all governmental units (which have power to make assessments). He referred to Proposed Amendments to HB 3048-4 from the MDAC. Jim Scherzinger pointed out hand-engrossed HB 3048 (Sections 112 through 132). Exhibits 1, 2

049 JIM SCHERZINGER reviewed sections relating to systems development charges on page 20 of HB 3048.

065 CHUCK SMITH explained the term of governmental unit was not intended to expand power, but to provide uniform terminology throughout HB 3048.

085 JIM SCHERZINGER pointed out Section 46 excludes school districts or community colleges from the definition of governmental unit for this section of HB 3048. He discussed an issue if schools are included as a governmental unit.

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108 JIM SCHERZINGER reviewed Section 47 relating to assessments when property is divided, changes to governmental unit and clarifying when an assessment is estimated and final.

117 JIM SCHERZINGER reviewed Section 50 which deals with the process of making assessments. He reviewed proposed amendments to Section 53 regarding when an assessment becomes a lien on property.

145 Questions and discussion regarding definitions in HB 2550.

152 BOB MUIR related the definition of local improvement is in Section 9a and noted the intent of HB 3048 is to be consistent with HB 2550.  
163 Questions and discussion regarding language of ordinance v. resolution.  
195 Questions and discussion regarding bancroft bond features before and after Ballot Measure 5.  
272 CHUCK SMITH explained the intent in HB 3048 is not to expand bancrofting to any district which did not have the authority previously.  
284 JIM SHANNON pointed out court districts currently have authority for bancroft bonding (1989 Legislative Session). The original bancroft bond was solely for cities and subsequently was extended to counties and ports. MDAC believed the "playing field" should be level for all districts and have authority to do the same type of financing. This is the reason for a more generic definition of bancroft bonds.  
320 JIM SCHERZINGER referred to the definition of governmental unit on page 7 of HB 3048. The issue is what districts have the authority to make a local improvement and assessment, but do not currently have bancroft bonding authority (HB 3048 would extend that authority).  
322 REP. PARKINSON requested examples of districts which would be affected by definition of bancroft bonds.  
333 JIM SCHERZINGER continued his review of pages 24 through 34 which are changes as previously discussed in subcommittee (changing city to governmental unit, specifying final assessment, change to periodic payments).  
380 Questions and discussion regarding periodic payments.  
392 JIM SCHERZINGER reviewed Section 104, page 35 which provides a distinction between limited tax bonds and general obligation bonds.

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TAPE 29 SIDE A

001 JIM SCHERZINGER reviewed Sections 105, 106, 107 and 108 which allows negotiated bond sales and a change on page 36, line 35, which changes \$3 million to \$10 million (publication requirement if bond sale is greater than \$10 million).  
018 JIM SCHERZINGER pointed out Section 109 allows municipalities to ,generally use negotiated bond sales.  
028 JIM SHANNON explained the background of Section 109 regarding negotiated general obligation bonds.  
050 Questions and discussion regarding how revenue bonds are repaid.  
080 JIM SCHERZINGER reviewed Section 110 which extends authority to issue small bonds to the public (citizen bonds) in amounts less than \$5,000.  
097 Questions and discussion comparing extending authority to creating authority (citizen bonds).  
175 CHUCK SMITH related the definition of issuer is on page 35, line 17.  
184 JIM SCHERZINGER pointed out that the review of HB 3048 through Section 103 involved Chapter 223 of Oregon Law (changing to governmental unit). The subcommittee review is now relating to Chapter 287 where governmental unit is not applicable.  
213 Questions and discussion regarding uniform revenue bond act.  
225 JIM SCHERZINGER reviewed Sections 112 through 115 (new language and definitions consistent with HB 2550). Exhibit 2  
255 JIM SCHERZINGER reviewed Section 113 which deals with when a governmental unit may issue general obligation bonds. Section 113 creates a distinction between general obligation bonds and limited tax bonds and

specifying the powers and ability to back limited tax bonds. Exhibit 2  
332 JIM SCHERZINGER reviewed Section 114 which relates to refunding of  
general obligation bonds outside Measure 5 caps. He commented on three  
tests for refunding bonds.

TAPE 28 SIDE B

001 BOB MUIR suggested amendments to Section 114 on line 22, after "general  
obligation bonds and" add "at least". Exhibit 2

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027 JIM SCHERZINGER continued review of Section 114, subsection 3. Exhibit  
2

059 JIM SCHERZINGER summarized Section 115 and pointed out confusing  
language but noted the intent of Section 115 is to allow governmental  
units, which have no provisions to the contrary, to borrow through credit  
agreements (and adopt a standard). Exhibit 2

077 BOB MUIR explained a forthcoming amendment to clarify line 10 on page  
41 of HB 3048. Exhibit 2

099 JIM SHANNON explained intent of Section 115 for a governmental unit to  
enter into a credit agreement.

110 Questions and discussion regarding local government units incurring  
debt outside the limits of Measure 5.

198 Questions and discussion regarding bank borrowing v. going out for a  
bond.

233 JIM SHANNON responded to a concern expressed by Chair Parkinson and  
explained there was nothing in HB 3048 which is intentionally circumventing  
Measure 5.

240 Questions and discussion regarding legislative interpretation of Ballot  
Measure 5.

250 BOB MUIR clarified an earlier statement he made regarding debt  
authority of cities. There is a \$5,000. deficit spending limitation that is  
found in the chapter governing cities.

257 JIM SCHERZINGER continued with Section 115 review which sets out  
standards for credit agreements.

265 JIM SCHERZINGER reviewed Section 116 for ORS 288.515 through 288.600  
including intergovernmental authorities under Chapter 190 in the definition  
of municipality. Exhibit 2

286 Questions and discussion regarding recommendations from MDAC relating  
to ORS Chapter 190.

320 Questions and discussion regarding examples of intergovernmental  
districts and authority.

387 JIM SCHERZINGER reviewed Section 117 which defines a credit enhancement  
device and broadens the definition of revenues relating to revenue bonds.  
Exhibit 2

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TAPE 29 SIDE B

005 JIM SCHERZINGER continued review of HB 3048, Section 117.  
010 CHAIR PARKINSON "flagged" a change from 60 days to 30 days on page 43 to revisit at a future meeting.  
015 CHUCX SMITH explained reasons for Section 117 related to the volatility of interest rates and market timing.  
026 Questions and discussion.  
034 JIM SCHERZINGER reviewed Section 119 which expands ability to pledge revenues to back revenue bonds.  
055 Questions and discussion regarding uniform revenue bond act and examples.  
127 CHAIR PARKINSON recessed the meeting at 9:45 and reconvened the meeting at 10:03.  
130 JIM SCHERZINGER reviewed Section 120 through 122 and referred to Proposed Amendments to HB 3048-4 (pages 4,5,6) which authorizes the State Treasurer to create investment pools to deal with arbitrage rules on tax exempt obligations. Exhibit 1  
146 CHUCK SMITH explained Sections 120 through 122 are in response to the 198 6 tax reform act with respect to rebating to the Federal Government any excess arbitrage earned.  
192 JIM SCHERZINGER noted Section 123 is a reference change, Section 124 is a change to real market value. Sections 125, 126 and 127 are reference changes. Section 128 is new and referred to Proposed Amendments HB 3048-4, page 7 (competitive bid sales, increase from \$3 million to \$10 million - publication requirement).  
215 CHUCK SMITH explained why \$10 million was suggested (in place of \$3 million) because of expansion and inflation.  
223 JIM SCHERZINGER reviewed Section 130 which deals with local budget law and pointed out line 24, page 47 which extends authority to exclude revenue bonds from the budget (extends to ports and Port of Portland). Exhibit 2  
230 Questions and discussion regarding a separate statute for Port of Portland.  
273 JIM SCHERZINGER reviewed Section 132 which are repealed sections. Exhibit 3

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296 JIM SHANNON interjected Section 132 repealed sections were addressed in another bill.  
301 JIM SHANNON explained an emergency clause was inadvertently left out.  
316 Questions and discussion regarding clarification of Section 26, page 13 of HB 3048.  
340 Questions and discussion.  
361 JIM SCHERZINGER referred to Proposed Amendments to HB 3048 from the City of Eugene. Exhibit 4  
384 JIM SCHERZINGER reviewed page 16, lines 22 and 23 (flagged item) in HB 304 8 regarding periodic payments and the time involved when an assessment becomes delinquent (regarding bancroft bonding).  
420 Questions and discussion regarding 60 days v. one year.  
TAPE 30 SIDE A  
001 Questions and discussion regarding mechanics of bancroft bonding, City of Eugene practices and foreclosure proceedings.  
049 MOTION CHAIR PARKINSON moved to retain one year delinquent period (instead of 60 day proposal

in

HB 3048, page 16, lines 22 and 23).

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

053 JIM SCHERZINGER reviewed another "flagged" section on page 43, line 2 which reduces referral period of an ordinance which issues revenue bonds from 60 to 30 days.

060 Questions and discussion.

070 MOTION CHAIR PARKINSON moved to retain 60-day period (instead of proposed 30-days) on page 43,

line 2

of HB 3048.

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

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092 GLENN KLEIN referred to his previous testimony including proposed amendments to HB 3048 from 4/10/91 subcommittee meeting (See Exhibit 3 from 4/10/91 Subcommittee on Property Taxation). He submitted new Proposed

Amendments to HB 3048 which replace 4/10/91 proposed amendments. Exhibit 4

110 GLENN KLEIN reviewed the City of Eugene's proposed amendments relating to Sections 112 through 115 and his prior testimony from ,4/10/91 subcommittee meeting. Exhibit 4

140 Questions and discussion regarding costs involved with a general obligation bond.

192 Questions and discussion regarding interim financing before issuance of bonds (market conditions).

227 Questions and discussion regarding voter approved serial levy (capital construction and improvement serial levy) relating to HB 2550 (inside/outside cap).

290 Questions and discussion regarding benefits in using a credit agreement.

366 Questions and discussion regarding timing of proposed amendments from City of Eugene.

385 JIM SCHERZINGER commented on the definition of general obligation relating to proposed amendments from the City of Eugene. Exhibit 4

437 GLENN KLEIN clarified that underlined portions are proposed from the City of Eugene. He read his proposed amendments to Section 113. Exhibit 4  
TAPE 31 SIDE

A

020 Questions and discussion regarding limits for the use of credit agreements.

025 JIM SCHERZINGER pointed out a possible problem with traditional definition of bonded indebtedness and proposed amendments from City of Eugene. Exhibit 4

039 GLENN KLEIN interjected that Elizabeth Stockdale reviewed a draft of the proposed amendments from the City of Eugene.

042 CHAIR PARKINSON adjourned the meeting at 10:55.

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Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Proposed Amendments to HB 3048-4, State Treasury, 4/8/91 (See Exhibit 1 from Subcommittee on Property Taxation 4/10/91 meeting)

HB 3048

2. Hand Engrossed HB 3048 (pages 38-48), 4/16/91, LRO - HB 3048

3. Repealed Sections, LRO, 4/16/91 - HB 3048

4. Proposed Amendments, City of Eugene, 4/16/91 - HB 3048

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