

Tapes 32-33 (A) Work Session: HB 3048 Discussion of items removed from HB 255 0A

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON PROPERTY TAXATION

April 17, 1991 8:00 AM Hearing Room A State Capitol Building

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

Staff Present: Jim Scherzinger, Legislative Revenue Officer
Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Chuck Smith, State Treasury
Bob Muir, Department of Justice
Glenn Klein, Attorney, City of Eugene
TAPE 32 SIDE A

005 CHAIR PARKINSON called the meeting to order at 8:14 and conducted administrative business.

WORK SESSION - HB 3048

010 JIM SCHERZINGER presented and reviewed a policy summary of HB 3048 beginning with the first item dealing with Bancroft bonds. EXHIBIT 1

025 CHAIR PARKINSON reported the intent to change the first item in EXHIBIT 1.

035 CHUCK SMITH presented a list of districts able to do Bancroft bonding in addition to cities, counties and ports. The exhibit also list districts that have the authority to levy assessments but do not have the provisions to do Bancroft bonding. It was not the intent of the Municipal Debt Advisory Commission (MDAC) to expand the authority to do Bancroft bonding to units of government that did not already possess the authority. EXHIBIT 2

045 CHUCK SMITH recommended for Section ORS 223.205 to 223.295 dealing with Bancroft bonding that a governmental unit be defined as a city. It was proposed to be included in the definition section of the bill.

075 Discussion follows regarding the changes in HB 3048.

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080 CHUCK SMITH explained the changes involved with expanding the Bancroft authority. Amendments will be worked on and brought before the committee.

105 JIM SCHERZINGER continued addressing EXHIBIT 1 with regard to expanding authority to levy economic improvement to all local districts. The issue is related to the definition of governmental unit.

130 BOB MUIR discussed the definition of governmental unit on Page 7, HB 304 8 to mean a city for purposes of the Bancroft bond act.

148 JIM SCHERZINGER clarified the intent to extend authority to make economic improvement assessments to all districts that currently do not have the authority.

154 BOB MUIR explained the intent was to make the definitions uniform but not extend the authority.

157 CHAIR PARKINSON questioned how closely the municipal experts were involved with the bill.

161 BOB MUIR explained that the bill draft was widely circulated.

165 JIM SCHERZINGER continued addressing the policy summary of HB 3048 in EXHIBIT 1.

199 CHAIR PARKINSON questioned the meaning of "all districts with bonding power".

203 JIM SCHERZINGER explained if districts have the power to issue bonds then it can be in the form of a citizen bond. Reference was made to selling of bonds.

225 BOB MUIR clarified it would not apply to a citizen bond.

233 CHUCK SMITH discussed the rule making power of the MDAC over citizen bonds. The requirements are addressed. The rule will have to be changed under HB 3048 to expand it to any municipal government that chose to do so. It was pointed out that the citizen bonds are not frequently used.

275 Discussion follows regarding the buying and selling of bonds.

296 JIM SCHERZINGER continued addressing the HB 3048 policy summary in EXHIBIT 1.

329 CHAIR PARKINSON voiced concern in a serial levy coming outside the limits of Measure 5. -

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338 GLENN KLEIN explained the intent not to allow the serial outside the limits of Measure 5 but to allow a local government that would otherwise be authorized to issue a general obligation bond to issue that debt in a different form. The general obligation bond and the general obligation backed credit agreement were compared.

376 CHAIR PARKINSON asked for the notification requirement to have this on the ballot.

382 BOB MUIR responded that the ballot has to state the principle amount of the bonds but not the interest rate.

395 CHAIR PARKINSON clarified that in HB 3048 the ballot would have the amount of the serial levy and the years it runs. The question was asked if the people would know the money is being borrowed.

405 GLENN KLEIN explained the intent is people would know they are approving a general obligation backed credit agreement and the money would be borrowed from a financial institution and would be paying taxes outside the limit of Measure 5. The information would be before them at the time of voting but there is a limit of words that can be on a ballot.

TAPE 33 SIDE
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006 CHAIR PARKINSON asked if the ballot would clearly say the amount will

be outside the limitation and taxes will increase.

010 GLENN KLEIN responded there is nothing being presented that would require that to be stated but the requirements of the general obligation backed credit agreement would be the same requirements as the general obligation bond.

018 CHAIR PARKINSON questioned if the ballot will state if their taxes would be increased. Discussion follows.

029 JIM SCHERZINGER questioned what the requirements are in the ballot title for existing general obligation bonds.

033 REP. HOSTICKA asked if the credit is revolving, or a fixed amount.

035 GLENN KLEIN responded it is a fixed amount.

040 Discussion follows regarding the proposed amendments.

042 CHAIR PARKINSON asked if sample ballots are available.

056 CHAIR PARKINSON recessed the meeting at 8:50 and reconvened at 9:15.

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066 JIM SCHERZINGER presented the four requirements for the county provision in a ballot title: 1) the use to which the proceeds are to be put; 2) they are to be general obligation bonds of the county; 3) the amount of bonds proposed to be issued; and 4) the length of time not to exceed thirty years during which the bonds are to mature.

090 BOB MUIR presented sample ballots depicting three different titles. EXHIBIT 3 AND 4

100 Discussion follows regarding the sample ballots. Reference is made to serial levies.

144 REP. HOSTICKA voiced confusion of whether the committee was dealing with ballot titles or the City of Eugene's proposals.

151 CHAIR PARKINSON asked why Eugene needed authority to have a line of credit at a bank if it will be paid off from the proceeds from a serial levy.

156 GLENN KLEIN responded that in order for the taxes to be outside the limits of Measure 5, there needs to be some type of obligation bond and as HB 2550-A defines bonded indebtedness that would include an agreement for payment of money borrowed which must be voter approved.

163 CHAIR PARKINSON referred to previous testimony that the opposite was the intent.

166 REP. HOSTICKA asked for clarity in the intent of the proposed amendments because serial levy is a legal term used to describe levying authority extending for more than one year used for general purposes. A bond is specifically authorized for an amount and a purpose of capital construction.

175 JIM SCHERZINGER clarified that a serial levy is often used for capital construction but not for bonds.

182 REP. HOSTICKA was willing to support inserting a line on the ballot to explain the taxes are used to retire bonds and are within or without the limits. Rep. Hosticka also supported Eugene's proposed amendments if dealing solely with general obligation bonds, but questioned the involvement with serial levies.

197 GLENN KLEIN explained the intent of the amendment and serial levy was a poor choice of words.

206 CHAIR PARKINSON felt the proposed amendment should be more widely

circulated with input from more people.

210 JIM SCHERZINGER suggested integrating the request into the draft.

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215 CHAIR PARKINSON suggested drafting another amendment on the ballot title.

220 REP. WHITTY referred to EXHIBIT 3 and suggested informing the voter of being outside the Measure 5 limitation in the question portion of the ballot instead of the summary.

238 BOB MUIR commented on the limitation on the number of words that ,can be used in the ballot title.

245 REP. WHITTY asked if the number of words could be changed.

249 BOB MUIR responded yes by statute but there may be a relating clause issue with certain bills. Reference was made to an emergency clause proposal.

257 REP. WHITTY would like to see required wording in the question section on a ballot for measures going for any kind of bonded indebtedness that are outside the Constitutional limits.

265 Discussion follows and it was suggested to work on drafting new amendments to bring before the committee.

276 CHAIR PARKINSON adjourned the meeting at 9:30.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. HB 3048 Policy Summary, LRO, 4/17/91 - HB 3048
2. Written Testimony, Chuck Smith State Treasury, 4/17/91 -
HB 3048
3. Sample Ballot, Department of Justice, 4/17/91 - HB 3048
4. Sample Ballot, Department of Justice, 4/17/91 - HB 3048
5. Property Tax Issues Removed from HB 2550A, LRO, 4/17/91 -
HB 2550A

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