

Tapes 133-134, (A\B)  
Public Hearing: HB 2609A  
Work Session: HB 2609A, HB 2550A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

April 30, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair  
Senator Joan Dukes, Vice Chair (arrived 1:17)  
Senator John Brenneman  
Senator Shirley Gold  
Senator Ron Grensky (arrived 1:27, departed 2:25)  
Senator Bill McCoy (arrived 1:20)  
Senator Tricia Smith

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

Witnesses Present: Representative Ron Sunseri, District 22  
Representative Cedric Hayden, District 38  
Phillip Ramsdell, Oregon Citizens Alliance  
B.J. Smith, League of Oregon Cities LOC  
Glenn Klein, Attorney for the city of Eugene  
Debra Ehrman, Counselor City of Eugene  
Carolyn Wood, Counselor City of The Dalles  
Gary Holliday, City of Albany  
John Hossick, City of Bend  
Alan Peters, Holladay Investors, Portland  
Easton Cross, White, Wykoff & Cross, Portland  
TAPE 133. SIDE A

005 CHAIR CEASE called the meeting to order at 1:15 and conducted administrative business.

PUBLIC HEARING - HB 2609-A

017 JIM SCHERZINGER presented an overview of HB 2609-A with reference to two components: 1) specifying how urban renewal or tax increment taxes will be impacted by Measure 5; 2) restricting the ability of urban renewal districts to issue new bonded debt.

032 JIM SCHERZINGER presented a sample urban renewal district to illustrate how urban renewal taxes are levied currently. EXHIBIT 1

039 CHAIR CEASE asked how many urban renewal districts are around the state.

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041 JIM SCHERZINGER presented a listing of the existing urban renewal districts. EXHIBIT 2

051 JIM SCHERZINGER discussed urban renewal with reference to the example in EXHIBIT 1. Explanation includes the frozen base value and the incremental (excess) value.

065 JIM SCHERZINGER continued explaining the sample urban renewal district. EXHIBIT 2

090 JIM SCHERZINGER summarized each district calculates the tax rate

without the incremental value and that tax rate is applied to the increment and the rate on the increment goes to urban renewal.

096 JIM SCHERZINGER referred to charts depicting the three options for urban renewal using Seaside School District as an example. It was clarified that option 3 is what is in HB 2609A. EXHIBIT 3

103 JIM SCHERZINGER discussed option 1 using the sample chart. EXHIBIT 3

127 JIM SCHERZINGER addressed option 2 for urban renewal. EXHIBIT 3

137 JIM SCHERZINGER explained option 3 which is how HB 2609-A addresses urban renewal. EXHIBIT 3

147 JIM SCHERZINGER summarized the difference between the three urban renewal options is the assumption different people are paying the urban renewal tax. Reference is made to current law which has a constant rate that is impacted by Measure 5.

161 SEN. BRENNEMAN clarified it will be the cities who are paying the price for the urban renewal.

167 JIM SCHERZINGER responded that the tendency is to place the burden of urban renewal on the cities.

177 JIM SCHERZINGER explained urban renewal districts will become more like regular taxing districts with three exceptions: 1) urban renewal districts do not get levy authority from a tax base or special levy but from a calculation of excess value. Holding value off the roll no longer happens in option 3. Explanation follows with reference to EXHIBIT 3.

211 JIM SCHERZINGER explained exception: 2) with reference to the state Constitution Article 9, Section 1c declaring the taxes imposed to repay bonded debt of an urban renewal district is outside the limitations of Measure 5. EXHIBIT 4

232 SEN. SMITH clarified the urban renewal does not have to be approved by the voters but the plan has to be adopted by the city board through an extensive process.

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242 JIM SCHERZINGER discussed exception: 3) the rate across the city for urban renewal districts will not be equal.

254 JIM SCHERZINGER used the staff measure summary to explain how HB 2609A creates additional restrictions on urban renewal districts. EXHIBIT 5

295 JIM SCHERZINGER continued describing the bill with reference to EXHIBIT 5.

316 SEN. SMITH questioned current urban renewal plans having to make an amendment to correlate with HB 2609A. Discussion follows.

335 SEN. DUKES asked how flexible is the debt limit for the urban renewal districts.

346 JIM SCHERZINGER referred to Page 5, Line 6 of HB 2609A with an explanation of the bonded debt limit. Discussion follows.

375 CHAIR CEASE asked to flag the Section of the bill dealing with the debt limit so language can be clarified.

380 JIM SCHERZINGER continued discussing HB 2609A with reference to EXHIBIT 5.

394 SEN. SMITH questioned the possibility of future amendments with the restrictions in HB 2609A. It was clarified that the amendment process is in existing law.

418 JIM SCHERZINGER explained the intent is when the urban renewal plan is adopted it must be described as a "significant plan amendment."

TAPE 134 SIDE

A

010 Discussion continued regarding amending the urban renewal plan.

025 JIM SCHERZINGER continued explaining what HB 2609-A does as displayed in EXHIBIT 5.

040 SEN. DUKES questioned the requirement of the urban renewal agency board being elected officials. Discussion follows. Reference is made to a housing authority having to have an elected official.

069 JIM SCHERZINGER continued discussing HB 2609-A with reference to EXHIBIT 5

083 REP. RON SUNSERI testified in opposition to HB 2609-A with reference to Section 8 voicing concern of people unable to vote on urban renewal. Cities and counties will find a revenue replacement in which the bonding is outside the limit of Measure 5. Reference is made to the Multnomah County waterfront urban renewal district. Taxpayers will not understand the notification process involved in attending meetings dealing with urban renewal.

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124 REP. CEDRIC HAYDEN testified by asking for a reinstatement of Section 8 which calls for a vote of the people. Rep. Hayden also asked not to include 260 9-A into HB 2550-A. A summarization of written testimony was addressed. EXHIBIT 6

254 SEN. SMITH questioned the determination of an "existence of blight" in an area before an urban renewal district can be established. Urban renewal is a long, complicated process and questioned the adoption of a plan without the knowledge of cities and counties.

289 REP. CEDRIC HAYDEN felt the property owners should have a say in determining if their homes are blighted.

296 SEN. SMITH questioned the local elected officials attempting to sneak increase taxes outside the limits of Measure 5.

314 SEN. GRENSKY questioned unrelenting tax increases happening without accountability.

332 REP. CEDRIC HAYDEN felt there would be pressure for an upward adjustment in property taxes. Reference is made to a city hall paid for with urban renewal financing because a parking garage was needed.

348 REP. RON SUNSERI commented on Gresham allowing a vote for urban renewal projects. Discussion follows.

373 SEN. GRENSKY asked why Section 8 was removed by the House Committee.

377 REP. CEDRIC HAYDEN commented on a highway overpass done by urban renewal funds because of an agreement between the transportation department and the urban renewal district.

400 REP. CEDRIC HAYDEN referred to a meeting at the House Subcommittee in which Chair Parkinson wanted a vote for urban renewal included in the bill. Discussion follows regarding testimony before the House Subcommittee to remove the vote from HB 2609A.

TAPE 133 SIDE

B

010 REP. RON SUNSERI referred to the city and county lobbyist wanting the vote out of the bill because the people may vote against it and the money would not be raised.

021 REP. CEDRIC HAYDEN referred to the testimony of the House Subcommittee on Revenue and School Finance, March 27, 1991, Tape 15 Side A, Meter 047. Discussion follows.

040 PHILLIP RAMSDELL testified in opposition to HB 2609-A because the

people voted for Measure 5 and HB 2609-A circumvents the intent of Measure 5. Discussion and questions are interspersed.

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- 094 SEN. GRENSKY discussed the idea of urban renewal is not new and a decision must be made on the issue.
- 103 PHILLIP RAMSDELL encouraged the reinstatement of the language dealing with the special election.
- 109 CHAIR CEASE clarified the original HB 2609 did not contain language dealing with the vote issue. It was contained in a set of amendments, HB 260 9-2 (4/1/91), which were not adopted by the House Committee.
- 124 SEN. DUKES asked if there was opposition against the philosophy behind urban renewal.
- 130 PHILLIP RAMSDELL explained there is not opposition to urban renewal but what can happen because of the passage of HB 2609A.
- 136 SEN. DUKES discussed current districts have urban renewal without the vote of the people and HB 2609A has a Section in the bill which will allow urban renewal on the ballot if so desired.
- 151 PHILLIP RAMSDELL referred back to the intent of the voters of Ballot Measure 5.
- 167 Discussion follows regarding urban renewal.
- 170 JIM SCHERZINGER explained that according to HB 2609A, if a court found bonded debt on an urban renewal district to be inside the Measure 5 limits, then HB 2609A will not be validated.
- 196 B.J. SMITH commented on HB 2609-A originally being a tax treatment bill for a post Measure 5 environment. Reference was made to the House Revenue subcommittee chair wanting a vote but was satisfied with the notification process. Much discussion was involved in the subcommittee regarding urban renewal issues and that is why a provision was included regarding an elected official being involved in the urban renewal agency. It was pointed out that urban renewal will not work in every city in the state with reference to Venita, Oregon.
- 255 GLENN KLEIN discussed the two options of how tax increment financing worked in the past which would have dramatic impacts on urban renewal after passage of Measure 5. Three policy goals were investigated by various cities: 1) to minimize the disincentives for public and private investment in urban renewal areas; 2) to minimize the loss to schools and overlapping taxing districts; 3) to minimize the effects outside the district that created the urban districts.
- 287 GLENN KLEIN explained the elimination of option 2.
- EXHIBIT 3
- 307 GLENN KLEIN explained why Option 3 was supported by the cities.

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- 329 DEBRA EHRMAN testified there is little problem with having an elected official in the urban renewal agency because in many cities the City

Council is the urban renewal agency. The purpose of the HB 2609A is to clarify how urban renewal districts interrelates with Measure 5. Instances involving voting on an urban renewal plan in Eugene was discussed. It was noted that if accountability was a concern the issue could be put on the ballot. Urban renewal examples in Eugene were addressed.

TAPE 134 SIDE B

003 CAROLYN WOOD explained the city council is also the urban renewal agency in The Dalles. Written testimony was presented. EXHIBIT 7

086 GARY HOLLIDAY testified in support of HB 2609-A with reference to the urban renewal projects in the city of Albany and how the system works.

108 JOHN HOSSICK testified in support of HB 2609-A with reference to the urban renewal process in Bend, Oregon. Reference is made to a check and balances in the current program allowing for planning effectively and carrying the program out with the consensus of the community.

160 ALAN PETERS testified in support of HB 2609-A with reference to written testimony. EXHIBIT 8

183 ALAN PETERS commented on the question of blight in the Oregon Convention Center area in Portland.

206 CHAIR CEASE clarified Mr. Peters supports HB 2609A as written.

212 EASTON CROSS discussed General Obligation (GO) bonding authority being similar to the urban renewal process in HB 2609A. Discussion includes the legality of HB 2609A.

287 EASTON CROSS testified in support of HB 2609-A with reference to written testimony. EXHIBIT 9

347 CHAIR CEASE conducted administrative business and adjourned the meeting at 3:03.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Seaside Urban Renewal District, LRO, 4/30/91 - HB 2609-A

2. Tax Increment Financing (Urban Renewal) Areas, LRO, 4/30/91 - HB 2609-A

3. Urban Renewal Options, LRO, 4/30/91 - HB 2609-A

4. Oregon Constitution, Article IX, LRO, 4/30/91 - HB 2609-A

5. Staff Measure Summary, LRO, 4/30/91 - HB 2609-A

6. Written Testimony, Rep. Cedric Hayden, 4/30/91 - HB 2609-A

7. Written Testimony, Carolyn Wood, 4/30/91 - HB 2609-A

8. Written Testimony, Alan Peters, 4/30/91 - HB 2609-A

9. Written Testimony, Easton Cross, 4/30/91 - HB 2609-A

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