

Tapes 168-169, (A\B)
WorkSession:HB 2550A,SB 814
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE
May 27, 1991 1:00 PM Hearing Room A State Capitol Building
Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:42)
Senator John Brenneman
Senator Shirley Gold
Senator Bill McCoy
Senator Tricia Smith
Members Excused: Senator Ron Grensky

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

Witnesses Present: Representative Judy Bauman, District 13
B.J. Smith, League of Oregon Cities (LOC)
Glenn Klein, Attorney Advisor to LOC
TAPE 168 SIDE A

005 CHAIR CEASE called the meeting to order at 1:40 and conducted administrative business.

WORK SESSION - HB 2550A

020 Discussion follows regarding the agenda of proposed amendments to HB 255 0A. EXHIBIT 1

057 REP. BAUMAN presented an overview of proposed amendments HB 2550A51 which deal with affordable housing in blighted areas through tax increment financing. EXHIBIT 2

082 REP. BAUMAN testified in support of direct public subsidy dollars to those areas that are most needful of the funds. An example was addressed of House District 13 in which urban renewal funds are based on taxed assessed property value but the funds go to urban renewal districts that are not housed in District 13. The benefit of urban renewal districts was addressed.

095 REP. BAUMAN presented the idea to use urban renewal funds to revitalize neigHB orhoods or community areas by using funds for affordable housing. Discussion and questions are interspersed.

205 CHAIR CEASE recapped the discussion of the committee not wanting to go into a great deal of reform for HB 2550A.

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on
Revenue and School Finance
May 27, 1991 Page 2

217 SEN. GOLD reviewed HB 2550-A51 is a permissive tool for districts to use available urban renewal money for affordable housing in the blighted areas of Oregon.

241 REP. BAUMAN commented on the tax increment window could remain open for a period of time that was 20 percent longer than it would take to retire the bonds on an industrial development, then that 20 percent time window could be used by the city to initiate or complete neigHB orhood

revitalization. This would be an element for Oregon communities to use this financial method.

257 SEN. GOLD asked if the urban renewal agencies could currently use the money for housing without it being put in statute.

266 REP. BAUMAN responded the language is not explicit in offering the option of neighborhood revitalization.

288 Discussion follows regarding the use of urban renewal funds.

302 SEN. SMITH referred to three parts to HB 2550-A51 amendments (EXHIBIT 2): 1) Section 335f allows a district to extend the urban renewal plan and issue bonds for two years beyond the date for housing; 2) if there is not a date-certain but a maximum amount of revenue, that money can be exceeded by 20 percent for housing; 3) the urban renewal district is not required to spend the revenue within the boundary of the district but can spend the money at another location within the territory of the municipality that activated the urban renewal district.

340 SEN. SMITH voiced concern with the proposed amendments because it seems a deviation from the concept of urban renewal. There needs to be a mechanism for affordable housing but was not sure if urban renewal is the vehicle to use.

345 REP. BAUMAN responded by addressing the attempt to spread the benefit of tax increment to small blighted areas within a district.

Subsection 2, Page 2 moves away from the idea of a special tax assessment district. The specific benefits are spread into neighborhoods upon the advice of local government. The idea may be a bold step but it is not scary because the local government is given the authority to expand their reach into specific communities. EXHIBIT 2

414 SEN. SMITH asked if other cities have used some mechanism on a local level of addressing issues.

427 REP. BAUMAN referred to an article dealing with tax increment financing in Chicago. EXHIBIT 3

TAPE 169 SIDE

A

030 CHAIR CEASE introduced proposed amendments HB 2550-A50, EXHIBIT 4. A summary comparing the HB 2550-A50 amendments to HB 2609 was also presented, EXHIBIT 5.

These minutes paraphrase and/or summarize statements made during this meetings Text enclosed in quotation marks reports the speakers exact words For complete context of proceedings, please refer to the tape recording Senate Committee on

Revenue and School Finance

May 27, 1991 Page 3

040 SEN. SMITH explained the purpose for drafting HB 2550-A50 amendments because of the new requirements placed on urban renewal districts by the House Committee. Urban renewal must be addressed in order to comply with Measure 5 but the additional restrictions are not necessary. The proposed amendments delete the restrictions as listed in EXHIBIT 5.

075 JIM SCHERZINGER explained the addition of the exception to date or debt limit for existing contracts is found in the amendments but not in HB 2609.

100 JIM SCHERZINGER explained the hand engrossed changes in HB 2550-A50 as seen on pages 7, 11, and 18 in EXHIBIT 4.

149 SEN. DUKES asked if a citizens in the urban renewal district is unhappy where do they go on the state level if they felt the money was not being spent adequately.

165 The response was it could go to the courts. The board and council are on the local level but the question addressed the state level.

178 CHAIR CEASE recommended a public hearing and discussion dealing with urban renewal districts be placed on a future agenda.

200 Discussion follows regarding a state agency that could act in an advisory capacity for the urban renewal district.

227 SEN. GOLD referred to a new state dispute resolution that could be a mechanism for settling disagreements among the local entities.

247 SEN. GOLD questioned the recommended process for dealing with urban renewal districts.

259 CHAIR CEASE felt urban renewal needs an in depth study and is currently being addressed because it can not work under the limitations of Measure 5.

290 SEN. BRENNEMAN pointed out that disputes are better settled at the local level rather than moving to the state level or into the courts.

320 MOTION SEN. SMITH moved to adopt the hand engrossed HB 2550-A50 LC amendments dated 5/7/91. EXHIBIT 4

330 DISCUSSION follows regarding the relationship of the HB 2550-A50 amendments to the HB 2550-A51 amendments.

342 JIM SCHERZINGER explained the HB 2550-A51 amendments are changing the date or debt limit which is found in the HB 2550-A50 amendments therefore the -A51 are amendments to HB 2550-A50.

350 JIM SCHERZINGER pointed out a correction to HB 2550-A51 in EXHIBIT 2 should be using the terminology "bonded indebtedness" where reference is made to "and assume payment of general obligation bonds". The

These minutes paraphrase end/or s utma rize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on
Revenue and School Finance
May 27, 1991 Page 4

changes are noted in Lines 6-7, 11-12, 20, 22 on Page 1; and lines 4-5, Page 2. EXHIBIT 2

400 MOTION SEN. Gold moved to adopt the corrected HB 2550-A51 LC amendments dated 5/7/91. EXHIBIT 2

420 DISCUSSION
TAPE 168 SIDE

B

026 CHAIR CEASE explained the major change in HB 2550-A51 is the use of funds outside of the urban renewal district.

033 SEN. SMITH voiced opposition to the -A51 amendments because of the use of money outside of the districts and explained urban renewal districts already have the option of implementing affordable housing within the district.

064 SEN. GOLD questioned the use of urban renewal money used for affordable housing by excluding lines 10 and 11 on Page 2, EXHIBIT 2 which deals with using the funds outside of the urban renewal district. Discussion follows regarding the explicit language of urban renewal districts being able to use funds for affordable housing.

102 B.J. SMITH introduced Glenn Klein on behalf of the LOC.

104 GLENN KLEIN referred to ORS 457.170 which specifically identify the powers of an urban renewal agency. There is no definition in statute of what constitutes a site improvement and because of that there are differences in opinions about what the urban renewal money can be used for. Current statute is not clear that urban renewal districts can use funds for housing but some districts have done so without being challenged.

125 SEN. SMITH questioned Subsection 4 in ORS 457.170 which deals with the rehabilitation of housing. Discussion clarified that the issue dealt with construction of affordable housing and not rehabilitation.

141 Discussion follows regarding the clarity in statute of using urban renewal funds.

170 SEN. GOLD explained the consideration of HB 2550-A51 amendments would clarify the statute that the funds could be used for affordable housing with the removal of lines 10 and 11. EXHIBIT-2

187 GLEN KLEIN pointed out a change that would result from the passage of HB 2550-A51 amendments. Currently before urban renewal dollars could be spent the project must be included in an urban renewal plan and if the -A51 are adopted then urban renewal dollars could be spent on a project that is not included in a plan.

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on
Revenue and School Finance
May 27, 1991 Page 5

203 JIM SCHERZINGER commented it might be easier to include explicit language to clarify that money can be spent on housing within a project by including it in existing statute.

227 SEN. GOLD suggested having language included within HB 2550A that would include clarity to use urban renewal funds for housing. Discussion follows.

244 CONSENSUS CHAIR CEASE noted no objection to withdraw SEN. GOLD's motion to adopt HB 2550-A51.

249 SEN. GOLD discussed including a conceptual amendment clarifying that urban renewal funds can be used for affordable or low income housing.

262 CHAIR CEASE suggested having language drafted and present it before the committee.

272 SEN. GOLD did not want to vote on HB 2550-A50 until the conceptual amendment was included or until language was drafted.

285 SEN. SMITH questioned addressing the goals of urban renewal districts which is a deeper topic than what is being introduced with the proposed amendments which attempt to comply urban renewal with Measure 5.

296 SEN. DUKES recapped the intent of Sen. Gold is to clarify language. Discussion follows.

332 CHAIR CEASE pointed out there is a motion on the floor to adopt HB 2550-A50. Discussion follows.

348 VOTE In a roll call vote the motion passed (4-2).

AYES:

Senators McCoy, Smith, Brenneman, Cease. NAYS:

Senators Gold, Dukes. Senator Grensky was excused. (Sen. Gold changed her vote to an AYE - See Senate Revenue Committee meeting on 5/28/91, Tape 171 Side A, Meter #244)

369 CHAIR CEASE asked to have language drafted to include housing in the urban renewal issue.

395 CHAIR CEASE conducted administrative business and adjourned the meeting at 3:05.

Mary Ann Zimmermann, Committee
Assistant

Kimberly Taylor, Office
Manager

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on
Revenue and School Finance
May 27, 1991 Page 6
EXHIBIT SUMMARY

1. HB 2550A Amendment Summary, LRO, 5/27/91 - HB 2550A
2. Proposed Amendments HB 2550 A51 (LC 2386), Rep. Judy Bauman,
5/7/91 - HB 2550A
3. Newspaper Article, Rep. Judy Bauman, 5/27/91 - HB 2550A
4. Proposed Amendments HB 2550-A50 (LC 2386), 5/7/91 - HB 2550A
5. Urban Renewal Amendments (-50) compared to HB 2609, LRO, 5/24/91 -
HB 2550A

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact uords. For complete context of proceedings, please refer to the tape recording.