

Senate T&E Committee  
May 17, 1991  
Page  
SB 729 - WKS  
SB 636 - WKS

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

May 17, 1991 Hearing Room 343  
3:00 P.M. State Capitol  
Salem, OR

Tape 122  
Enterprise Zone Modifications  
Benchmarks

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR  
SEN. SCOTT DUFF  
SEN. JIM HILL  
SEN. PEG JOLIN  
SEN. EUGENE TIMMS

MEMBERS EXCUSED: SEN. JEANNETTE HAMBY

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER  
TAMIRA MILLER, POLICY ANALYST  
JERI CHASE, OFFICE MANAGER  
HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES: DUNCAN WYSE, EXECUTIVE DIRECTOR, OREGON PROGRESS  
BOARD  
GENE JOHNSTON, LINN COUNTY ASSESSORS' OFFICE

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 122, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:20 p.m.

SB 636 (Benchmarks) - Work Session

012 CORTRIGHT: Presents Proposed -2 amendments on SB 636 (EXHIBIT A). These amendments incorporate changes the committee has discussed.

052 SEN. HILL: On Page 7, Lines 18 and 19 in discussing entrepreneurial skills, we also want to prepare students to run their own businesses.

MOTION: SEN. HILL moves an amendment to the Proposed -2 Amendments that would add "or business ownership" before the semicolon on line 19 (page 7).

VOTE: There being no objection, the above amendment is adopted.

065 SEN. JOLIN: On Page 8, Section 8, Lines 15 and 16, we had a conversation about government efficiency. I want to assure that SEN. HILL is comfortable with that language.

073 CORTRIGHT: There are two other references to public service efficiency; on page 5, lines 29 and 30.

079 SEN. DUFF: On page 5, lines 14 and 15. Should this language (relating to wild fires) be a state goal?

085 DUNCAN WYSE: This wasn't something we thought of, but the Department of Forestry suggested it and it is a serious concern in rural areas that we need to address. The House Agriculture and Natural Resources Committee was pleased that it had been identified. The Chair of the House Trade and Economic Development Committee was concerned that the need for controlled burns was identified. This is not a forest damage issue, it is a question of damage to houses and other buildings from wild fires.

096 SEN. DUFF: That is satisfactory. I had another question on Page 7, lines 14 and 15. Could we remove the word "illicit"? What about the effects of alcohol?

105 CHAIR FAWBUSH: Is that an omission?

106 WYSE: No, it is deliberate; it is a judgement. We were focusing on illicit drug use (crack, cocaine) in this lead benchmark. Alcohol is addressed in other benchmarks.

109 CHAIR FAWBUSH: But the illicit drugs are not as big a problem as alcohol. We are trying to address an occurrence that is growing, but we already have one that exists with alcohol.

114 MOTION: CHAIR FAWBUSH MOVES to amend the Proposed - 2 Amendments to SB 636 , on page 7, line 14, after the word "use" insert "alcohol or".

116 WYSE: That is fine.

VOTE: There being no objection, the above amendment is adopted.

120 MOTION: CHAIR FAWBUSH MOVES that the Proposed -2 Amendments and other suggestions from above, be adopted.

VOTE: There being no objection, the amendments are adopted.

MOTION: SEN. DUFF MOVES SB 636, as amended, to the Senate Floor with a Do Pass recommendation.

128 VOTE: Passes, 5-0. Voting AYE: SEN. DUFF, HILL, JOLIN, TIMMS, and FAWBUSH.

EXCUSED: SEN. HAMBY.

SB 729 (Enterprise Zones) - Work Session

159 MILLER: Presents a response from the Attorney General's Office (EXHIBIT B) and proposed amendments to SB 729 (EXHIBIT C).

183 CHAIR FAWBUSH: This gives the assessors the ability to request employment data.

MOTION: CHAIR FAWBUSH MOVES that the Committee adopt language on lines 27 and 28 of SB 729 that would allow the employment data to be used.

VOTE: There being no objection, the above language is adopted.

191 MILLER: We need to define base employment. The assessor is responsible for assuring that employment levels are 110% of what they were prior to certification. There is no statutory definition for base employment. The statute requires "average employment". Average employment is not very explicit. The assessors request that the Department of Revenue define it or it be defined in statute as follows: the average number of employees is the average number of employees in the firm for the firm for the twelve months preceding the precertification date. That would all cyclical business cycle firms to average out.

223 CHAIR FAWBUSH: We haven't been able to get an average because there is no base. Let's do that in statute and agree in concept that the base would be the year prior to application.

228 MILLER: Do you want to include language to accomplish that in statute?

230 MOTION: CHAIR FAWBUSH MOVES to do that in statute, in concept. A base that is the average of the year prior to application and they have to maintain 110 percent of that.

242 VOTE: There being no objections, the above conceptual amendment is adopted.

244 MILLER: If the above language is adopted, a housekeeping amendment will need to also be adopted. Describes hand-engrossed version of SB 729 (lines 9 through 13).

MOTION: CHAIR FAWBUSH MOVES the adoption of the above amendments (EXHIBIT C).

VOTE: There being no objection, the above conceptual amendment is adopted.

270 CHAIR FAWBUSH: Existing law says that the business reports the first year and after that the assessors can ask for the information if they want it. That seems reasonable. We have now given the assessors the ability to request information - every quarter if they want to (with the amendments we have made). But I am not in favor of requiring

annual reports every year.

278 SEN. DUFF: I would think that it would not be our intention for the assessor to ask every quarter, but to ask for an annual summary that could be verified, if necessary, with employment records.

287 CHAIR FAWBUSH: The intent is clearly that the businesses have to report the first year. After that, the assessors have the ability to ask for the information regarding the use of the firm and the number of employees and we have now established a base.

290 SEN. TIMMS: In the precertification process, is there a problem going back and checking the precertified? When they are precertified, you have the authority to go back and check in the first year; the next two years are a problem. SEN. YIH indicated that there was a still a problem regarding precertification being deemed granted.

323 GENE JOHNSTON: She was referring to a situation when a zone sponsor precertifies a business firm after it has started construction or hired employees. There is no language for us to disqualify. The only way to handle this if it is not in statute is if we know it is wrongfully granted, we can deny the exemption and they can appeal with the Department of Revenue. We have the ability to do that.

341 CHAIR FAWBUSH: For expediency, I would like to vote the conceptually amended version of SB 729 out of Committee. Staff will review the amendments before the bill is actually sent to the Desk.

342 SEN. HILL: What was the rationale behind 110 percent?

345 MILLER: That is existing law. In order to qualify for a property tax exemption, a firm has to have an increase of 10 percent in employment as a result of this investment/expansion. It looks like it raises it from 100 percent to 110 percent.

363 MOTION: CHAIR FAWBUSH MOVES SB 729, as conceptually amended, to the Senate floor with a Do Pass recommendation.

365 VOTE: Passes, 4-1. Voting AYE: SEN. DUFF, J. HILL, TIMMS, and FAWBUSH.  
Voting NAY: SEN. JOLIN. EXCUSED: SEN. HAMBY.

365 CHAIR FAWBUSH adjourns the meeting at 3:46 pm.

Submitted by,

Jeri Chase  
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Proposed -2 Amendments to SB 636, submitted by Joe Cortright, 9 pages

EXHIBIT B - Letter of Opinion on SB 729, submitted by Tami Miller, 1 page

EXHIBIT C - Hand-engrossed version of 729, submitted by Tami Miller, 1 page