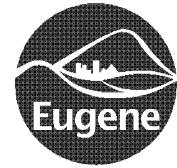


EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Action: Ratification of Intergovernmental Relations Committee Actions of
February 27, and March 6, 2013

Meeting Date: March 11, 2013
Department: City Manager's Office
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Lisa Gardner
Contact Telephone Number: 541-682-5245

ISSUE STATEMENT

This is an action item to ratify the recommendations of the Intergovernmental Relations (IGR) Committee meetings of February 27, and March 6, 2013.

BACKGROUND

As a matter of procedure, the City Council is routinely asked to ratify the actions taken by the IGR Committee. This is done by submitting the minutes of each committee meeting to the council.

Actions on which the committee is not unanimous are brought before the full City Council for consideration. These bills must be addressed by the full council in order to provide direction to staff.

On February 27, the IGR Committee discussed seven bills that were referred by IGR staff for their consideration. The bill report of referred bills is included as Attachment B. Unanimous action was taken on five bills; however, the vote on two bills was not unanimous. Accordingly, the full council must provide direction before these bills can be lobbied in Salem. The bills for which there was not a unanimous vote are listed below. Staff comments for each bill are listed in the attached documents.

The two bills below, SJR 10 and SJR 11, support the League of Oregon Cities (LOC) 2013 Legislative Priorities, which were approved by the IGR Committee on July 18, 2012, and ratified by the full council on September 10, 2012. Attachment C includes LOC position papers on SJR 10 (Voter Control) and SJR 11 (Reset at Sale).

SJR 10: Proposes amendment to Oregon Constitution relating to local option ad valorem property taxes. Refers proposed amendment to people for their approval or rejection at next regular general election.

Relating to: Proposing amendment to Oregon Constitution relating to local option ad valorem property taxes

Staff Recommendation: Priority 1 Support
IGR Committee Vote: 2:1; Mr. Clark voted no.

SJR 11: Proposes amendment to Oregon Constitution to make assessed value of property equal to real market value after certain exception events. Refers proposed amendment to people for their approval or rejection at next regular general election.

Relating to: Proposing amendment to Oregon Constitution relating to making assessed value of property equal to real market value after certain exception events

Staff Recommendation: Priority 1 Support

IGR Committee Vote: 2:1; Ms. Taylor voted no.

On March 6, the IGR Committee discussed seven bills that were referred by IGR staff for their consideration. The bill report of referred bills is included as Attachment D. Unanimous action was taken on four bills; however, the vote on three bills was not unanimous. Accordingly, the full council must provide direction before these bills can be lobbied in Salem. The bills for which there was not a unanimous vote are listed below. Staff comments for each bill are listed in the attached documents.

HB 2890: Repeals provision that prevents local governments from imposing conditions on approved permits that effectively establish sales price for residential development or limit purchase to class or group of purchasers.

Relating to: Relating to affordable housing

Staff Recommendation: Priority 1 Support

IGR Committee Vote: 2:1; Mr. Clark voted no.

HB 2278: Imposes fee on retail sale of studded tires and on installation of studs in tires. Provides exception. Becomes operative May 1, 2014.

Relating to: Relating to studded tires

Staff Recommendation: Priority 2 Support

IGR Committee Vote: 2:1; Mr. Clark voted no.

HB 2397: Imposes fee on retail sale of studded tires and on installation of studs in tires. Provides exception. Becomes operative May 1, 2014.

Relating to: Relating to studded tires

Staff Recommendation: Priority 1 or 2 Support

IGR Committee Vote: 2:1; Mr. Clark voted no.

RELATED CITY POLICIES

Ratification of IGR Committee actions is the making or affirming of the City of Eugene's policy with respect to Federal and State legislative issues or such other matters as may come to the council from the committee.

COUNCIL OPTIONS

The council may ratify or decline to ratify the IGR Committee's unanimous actions and approval of staff recommendations. Actions on which the IGR committee is not unanimous must be addressed by the full council in order to provide direction to staff in Salem.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends ratification of the IGR Committee's actions as set forth in the minutes of the committee's meeting and that there be a discussion on the decisions that were not unanimous, as well as discussion on the grant request and the letter of support to ban field burning.

SUGGESTED MOTION

Move to ratify the IGR Committee's unanimous actions on bills at the February 27, and March 6, 2013 IGR Committee meetings.

There also needs to be motions to state positions for each bill listed where the IGR Committee action was not unanimous.

ATTACHMENTS

- A. IGR Committee Minutes of February 27 and March 6, 2013
- B. Bill Report for February 27, 2013 IGR Meeting
- C. League of Oregon Cities Position Papers on SJR 10 and SJR 11
- D. Bill Report for March 6, 2013 IGR Meeting

FOR MORE INFORMATION

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MINUTES

Eugene Council Committee on Intergovernmental Relations
Harris Hall Meeting Room—Public Service Building
125 East 8th Avenue—Eugene, Oregon

February 27, 2012
1:30 p.m.

PRESENT: Betty Taylor, George Poling, Mike Clark, Mayor Piercy, members; Intergovernmental Relations Director Lisa Gardner, Jenna McCulley, City Manager's Office; Nathan Reynolds, Eugene Police; Eric Wold, Public Works Department; Pam Berrian, Central Services – Information Services Division.

1. Call to Order and Review Agenda

Mr. Clark called the meeting of the Council Committee on Intergovernmental Relations (CCIGR) to order. Ms. Gardner outlined the agenda for the meeting.

2. Review Pending Legislation

The committee reviewed a list of bills recommended for CCIGR discussion and action. Committee votes, if any, are recorded below:

House Bill 2702

Mr. Poling, seconded by Mr. Clark, moved to approve the staff recommended Priority 1 Support position. The motion passed unanimously, 3:0.

House Bill 2885

Ms. Taylor, seconded by Mr. Poling, moved to approve the staff recommended position to Priority 3 Monitor. The motion passed unanimously, 3:0.

House Bill 2173

Mr. Clark, seconded by Ms. Taylor, moved to approve the staff recommended Priority 2 Oppose position. The motion passed unanimously, 3:0.

House Bill 2212

Ms. Taylor, seconded by Mr. Poling, moved to support the staff recommended Priority 2 Support position. The motion passed unanimously 3:0.

House Bill 2455

Ms. Taylor, seconded by Mr. Poling, moved to support the staff recommended Priority 2 Oppose position. The motion passed unanimously 3:0.

Senate Joint Resolutions 10 and 11

The members of the committee unanimously voiced concerns about the implications and impact of these resolutions. It was noted by Mayor Piercy that the issues are of such fundamental importance that it would likely require a discussion of the full council. Ms. Taylor moved to identify the resolutions as Priority 1 Support. Mr. Poling indicated he was uncomfortable moving on both resolutions jointly. Ms. Taylor, seconded by Mr. Poling, moved to identify Senate Joint Resolution 10 as a Priority 1 Support. The vote on the motion was 2:1, Mr. Clark voted no.

Mr. Poling, seconded by Mr. Clark, moved to identify Senate Joint Resolution 11 as a Priority 1 Oppose. The vote on the motion was 2:1, Ms. Taylor voted no.

Mr. Clark indicated the resolutions would go to the full council for decision on the City's position, likely on March 11, 2013.

3. Items from Members and Staff

Ms. Gardner reiterated that as part of the pilot process for the 2013 session, CCIGR meetings will not be scheduled on a weekly basis, but will be held as needed. The next CCIGR meeting is tentatively scheduled for March 13, 2013, to review Senate Bill 134, as needed. Staff will confirm by email.

Ms. Taylor noted her anticipated absence from the March 13, 2013 CCIGR and authorized Mayor Piercy to vote by proxy.

Mr. Clark adjourned the meeting at 1:55 p.m.

(Recorded by Jenna McCulley)

MINUTES

Eugene Council Committee on Intergovernmental Relations
Bob Straub Conference Room—Public Service Building
125 East 8th Avenue—Eugene, Oregon

March 6, 2012
1:30 p.m.

PRESENT: Councilor George Poling, Councilor Mike Clark (conference call), Mayor Kitty Piercy, members: Intergovernmental Relations Manager Lisa Gardener; Steve Nystrom, Planning and Development; Stephanie Jennings, Planning and Development; Eric Jones, Public Works; Larry Hill, Finance; Cathryn Stephens, Airport; Mark Whitmill, Planning and Development; Jerry Lidz, City Attorney's Office; Sue Cutsogeorge, Finance; Jenna McCulley, City Manager's Office

ABSENT: Councilor Betty Taylor

1. Call to Order and Review Agenda

Mr. Poling called the meeting of the Council Committee on Intergovernmental Relations (CCIGR) to order. Ms. Gardner outlined the agenda for the meeting.

2. Review Pending Legislation

The committee reviewed a list of bills recommended for CCIGR discussion and action. Committee votes, if any, are recorded below:

House Bill 2890

Mayor Piercy, seconded by Mr. Poling, moved to approve the staff recommendation of a Priority 1 Support position. The vote on the motion was 2:1; Mr. Clark voted no.

Mr. Poling indicated the bill would go to the full council for resolution of the City's position.

House Bill 2278 and House Bill 2397 (reviewed jointly)

Mr. Clark moved to support a Priority 3 Monitor position, with no second additional discussion continued. Mr. Poling, seconded by Mayor Piercy, moved to support the staff recommendation of a Priority 2 Support position. The vote on the motion was 2:1; Mr. Clark voted no.

Mr. Poling indicated the bills would go to the full council for resolution of the City's position.

House Bill 2766

Mayor Piercy, seconded by Mr. Clark, moved to approve the staff recommended Priority 1 Oppose position. The motion passed unanimously, 3:0.

Senate Bill 609:

Mr. Poling, seconded by Mayor Piercy, moved to support the staff recommended Priority 1 Oppose position on Senate Bill 609. The motion passed unanimously, 3:0

Senate Bill 468:

Mayor Piercy, seconded by Mr. Poling, moved to support the staff recommended Priority 1 Oppose position on Senate Bill 468. The motion passed unanimously, 3:0

The committee took a short break to allow for staff members to join.

At 2:02 p.m. Mr. Poling called the meeting back to order.

House Bill 2926

After some staff discussion about the potential financial impacts both to the City of Eugene and EWEB as a result of House Bill 2926; Mr. Poling, seconded by Mayor Piercy, moved to support the staff recommended Priority 1 Oppose position. The motion passed unanimously, 3:0.

Mr. Clark, seconded by Mr. Poling, moved to approve the bills unanimously supported by this committee, and move forward those not unanimously supported to the full council for resolution of the City's position. The motion passed unanimously, 3:0.

3. Items from Members and Staff

Ms. Gardner spoke with committee members requesting a firm start time for meeting held on days when there is no preceding City Council Meeting. The hard start time was determined to be 1:30 p.m. on days when the Council Committee on Intergovernmental Relations (CCIGR) does not immediately follow a City Council Meeting. This time will be reflected in the public meetings calendar.

Mr. Poling adjourned the meeting at 2:14 p.m.

(Recorded by Jenna McCulley)

IGR BILL REPORT
FEBRUARY 27, 2013 / IGR COMMITTEE MEETING
CITY OF EUGENE

HB 2173: Changes status of activities conducted to create, restore or enhance wetlands on land zoned for exclusive farm use from outright permitted use to conditional use. Exempts land zoned for exclusive farm use from limitation on liability for damage, injury or death for certain fish and wildlife habitat improvement projects and watershed or stream restoration or enhancement programs. Declares an emergency, effective on passage.

Relating to: Relating to water projects; declaring an emergency

Sponsored by: Representative Clem and Representative Krieger

Staff Comments: House Bill 2173 would make “creation, restoration or enhancement of wetlands” a conditional use in the Exclusive Farm Use (EFU) zone. Currently these activities are outright permitted on EFU land.

The City of Eugene should OPPOSE this bill.

Since the mid 1990’s, the City of Eugene and its partners in the West Eugene Wetlands Program have restored and enhanced wetlands and we continue to do so. These wetland restoration projects meet multiple objectives for the City, including helping the City meet its goals for the broader Stormwater Program and meet water quality standards set by the U.S. Environmental Protection Agency and the Oregon Department of Environment Quality.

Adding the requirements to obtain a Conditional Use Permit would add substantial cost and time to the City to enhance and restore wetlands. Conditional Use Permits are subject to substantial public process and the potential for appeals to the Land Use Board of Appeals.

This bill would make it harder for the City of Eugene, private landowners, non-profit organizations, and framers to engage in voluntary restoration activities. The bill is also opposed by multiple partner organizations of the City, including The Nature Conservancy.

Recommendation: Priority 1 Oppose

HB 2212: Raises amount used to classify public procurement as small procurement under Public Contracting Code from maximum of \$5,000 to maximum of \$10,000

Relating to: Relating to an amount that constitutes a small procurement under the Public Contracting Code.

Sponsored by:

Staff Comments: This increase will be helpful for small procurements such as small purchases of materials or limited scope consultant services. This bill will have very little impact on public infrastructure contracts, however, and overall, very little impact on how Engineering procures contracts. This bill would increase the limit of small procurements from \$5,000 to \$10,000. Small procurements can be made using direct selection as opposed to a competitive process. Based on our research the statutory limitation was last changed from \$2,500 to \$5,000 in 1999, at the

latest. Based on the CPI-U, inflation since 1999 is at 173%, meaning that \$5,000 in 1999 equates to approximately \$8,650 today. Since the last update occurred at least 14 years ago, it is assumed that another increase would not be likely to occur for some time. From this perspective, it makes sense to increase the limit on small procurements to account for past and continuing inflation. Raising this limit would result in an increase in staff efficiency, allowing employees across the organization to focus their purchasing efforts on larger, more complex procurements that have a significant impact on the community. We believe this proposed legislation to be significant, appropriate and a valuable tool to allow staff to effectively manage their time while still acting as good stewards of public funds. HB 2212 would adjust the threshold amount for small procurements for inflation, reducing processing and increasing purchasing efficiency for small procurements, with the result of saving the City time and money

Recommendation: Priority 1 Support

HB 2455: Broadens types of communications services on which municipalities may impose privilege tax. Modifies privilege tax rate imposed on gross revenues of communications service providers. Takes effect on 91st day following adjournment sine die.

Relating to: Relating to privilege taxation of communications services; prescribing an effective date

Sponsored by:

Staff Comments: Priority One Oppose as introduced, sponsored by Comcast. On 2-25-13 the LOC informed Eugene their understanding that the current text would be entirely deleted and replaced with LOC-referred text by its Mar 1 hearing. However, as introduced the bill is a pre-emption of muni authority on many fronts; public right of way (ROW) use compensation, taxation, gross revenue and service setting, and the pre-emption of construction permit fees.

The bill also contains a ___ blank space whereby Comcast would insert a maximum allowable rights of way use fee at an assumed lower amt than Eugene (which is in line with other cities) has historically charged for commercial ROW use for decades.

None of Comcast's desired pre-emptions are supported by any federal or state law or policy, nor any judicial decisions. In fact, HB 2455 flies in the fact of Oregon judicial decision that ruled in favor of municipal authority to enact Code updates such as the City of Eugene City enacted in 1997 consistent with the Federal Telecommunications Act of 1996. HB 2455 is an unwarranted end run around Congressional intent, judicial decision and municipal authority under Oregon Home Rule constitution.

HB 2455 as introduced would cripple Eugene's General Fund compensation baselines to which ROW use fees are allocated, likely with an annual multi-million dollar adverse impact.

Recommendation: Priority 1 Oppose

HB 2702: Establishes process for Oregon Liquor Control Commission to adopt rule declaring alcohol impact area upon petition by municipality. Establishes processes for granting exemptions and for review of rule. Declares emergency, effective on passage.

Relating to: Relating to alcohol impact areas; declaring an emergency

Sponsored by: Representatives Tomei, Barnhart, Doherty, Frederick, Keny-Guyer, Nathanson, and Senators Dingfelder, Monnes Anderson, Monroe and Shields

Staff Comments: Consulting with Brenda Wilson, this very closely follows the bill the COE sponsored in 2011 that did not move forward. High priority for EPD. This is PDX's bill, they Support P1 also. LOC supports P2. OACP has not taken a position. This allows for impact areas similar to the trial zone that was in effect downtown and around Washington-Jefferson park a couple years ago. We observed a drastic drop in the community quality of life issues while the zone was in place.

Recommendation: Priority 1 Support

HB 2885: Establishes license fee surcharges for full on-premises sales, limited on premises sales and off-premises sales licenses for alcoholic beverages. Dedicates surcharges for payment to cities or counties for public safety purposes. Applies to licenses authorizing alcoholic beverage sales during periods that begin on or after January 1, 2014. Takes effect on 91st day following adjournment sine die.

Relating to: Relating to license fee moneys collected by the Oregon Liquor Control Commission; appropriating money; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority.

Sponsored by: Rules

Staff Comments: HB 2885 would provide new revenue to cities and counties specifically to fund local public safety activity. The source would be a new annual surcharge on sales of alcoholic beverages at each licensed premises. The amount of the surcharge would vary based on the volume of alcohol sales. Amounts cannot yet be estimated but would likely be significant. LOC is support P2, PDX is support P2 or 3, OACP has not reviewed at this point. As written this will not impact the City's ability to collect a fee and provide our local recommendation to OLCC. The way I read EPD and other public safety services may receive benefit from the passing of this bill. I am forwarding to Nathan Reynolds. I'm not sure if we currently receive any funds from OLCC maybe a question for Finance.

Recommendation: Priority 1 Support

SJR 0011: Proposes amendment to Oregon Constitution to make assess value of property equal to real market value after certain exception events. Refers proposed amendment to people for their approval or rejection at next regular general election

Relating to: Proposing amendment to Oregon Constitution relating to making assessed value of property equal to real market value after certain exception events

Sponsored by:

Staff Comments:

Recommendation:

SJR 0010: Proposes amendment to Oregon Constitution relating to local option ad valorem property taxes. Refers proposed amendment to people for their approval or rejection at next regular general election

Relating to: Proposing amendment to Oregon Constitution relating to local option ad valorem property taxes

Sponsored by:

Staff Comments: SJR 10 is part of a long term strategy by the LOC and member cities to mitigate the increasingly detrimental impacts of Constitutional property tax limitations on municipal revenues. Specifically SJR 10 is a proposed Constitutional amendment that would permit voters to approve a local option property tax that would be outside the compression limits set by the 1990 Measure 5 amendments to the Constitution. SJR 10 also allows Local Option Levies, currently limited to five years, to be approved for up to 10 years. This would allow the voters of the City to adopt a LOL that would not contribute to loss of revenue under compression, and to allow more stable funding for City services over a ten-year period. The LOC recognizes that passage of the content of SJR 10 will likely be a multi-year effort. A letter of support will be helpful to LOC's efforts.

Recommendation: Priority 1 Support



Voter Control Referral

SJR 10/HJR 8

Description

The League’s proposed constitutional referral would allow local voters the ability to consider a temporary tax outside of compression. The referral would not raise anyone’s taxes, but would empower voters to authorize a tax for local operations.

Background

Under Oregon’s current system, statewide limitations can prohibit local voters from having the ability to raise their own taxes to support services they demand. Measure 5 limitations restrict general governments (cities, counties and special districts) and schools to levying no more than \$10 and \$5 per \$1,000 of real market value respectively. Any taxes levied in excess of those limitations are reduced until the limitations are met, a process known as compression. Temporary taxes that are in addition to the municipality’s permanent rate that are approved by voters to provide funding for operating expenses are compressed first under this system. As a result, voters residing in a municipality in compression are limited in their ability to raise revenue to support services they desire.

Example

Sweet Home, a timber-dependent community of roughly 9,000 residents in Linn County, has a low permanent tax rate for a city of its size. As a result, the city has provided essential police protection and library services via voter-approved temporary taxes since 1986. In 2010, voters in Sweet Home approved these temporary taxes with 60 and 55 percent of the vote respectively.

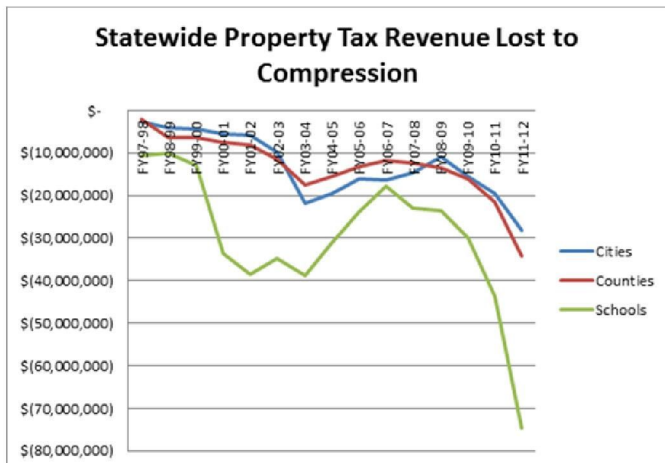
However, Linn County has its own voter-approved temporary tax that competes against Sweet Home’s, and property values in Sweet Home have fallen in recent years. As a result, temporary tax revenue losses due to compression have increased from \$300,000 to \$730,000 – nearly a third of what the levy was supposed to collect. As a consequence, the public safety and library services are not being provided at the level local citizens wanted.

Statewide Impacts

Compression is becoming a growing problem for local governments statewide. Since 2008-09, total revenue lost to compression has increased from \$51 million, or 1.13 percent of property tax collections, to \$144 million, or 2.8 percent of collections (see Table 1). All counties are in compression, as are half of all cities and more than 90 percent of all school districts.

Table 1: Statewide compression losses

	Revenue lost to compression in FY2011-12 (in millions)	Percent increase in compression losses since FY2008-09
Schools	\$ (74.50)	216%
Counties	\$ (34.30)	154%
Cities	\$ (28.20)	161%



Last May, local voters approved 18 of 21 (86 percent) temporary taxes, including six out of six city tax levies and four out of five county tax levies. While voters may still be concerned about the state of the economy, in many instances they clearly realize the value of local government services and are willing to tax themselves to provide those services. Whether or not any local voters approve temporary taxes outside of compression limitations is irrelevant. What matters is that voters currently do not have the freedom and opportunity to do so.



Reset at Sale

SJR 11/HJR 13

Description

The League’s second proposed constitutional referral would reset a property’s taxable value to its real market value at the time of sale or construction. The referral would not raise anyone’s taxes on their current home, but would restore equity by recalibrating taxes based on the market’s valuation of a property at the time of sale—a better measure of a property’s value and an owner’s ability to pay.

Background

Measure 50, passed in 1997, created a new artificial taxable value for all properties. Taxable value was initially set at 90 percent of a property’s 1995-96 real market value. For newer properties, a county-wide ratio is applied to determine the initial taxable value. Growth in taxable value is limited to 3 percent annually.

By locking in taxable values based on 1995-96 real market values or a ratio at the time of construction, and by capping annual growth, huge disparities in tax bills have emerged as property values have changed and as neighborhoods have gentrified.

Example and Statewide Impacts

Homeowners in inner North and Northeast Portland, for example, often have property tax bills that are one-third or one-fourth of what homeowners with similar real market values pay across town. The reason is simple. In the early and mid-1990s, large swaths of North and Northeast Portland had lower market values, and those values still determine the taxes owed. (See Table 1 for examples.)

Similarly, the ratio applied to new property can vary greatly from year to year as the market fluctuates. In Deschutes County, the ratio used to calculate taxable value for new properties has increased 50 percent between 2010 and 2011. As a result, identical properties with the same sale price but permitted only months apart can have dramatically different tax liabilities.

These inequities are not confined to certain areas of the state, however; they exist statewide.

Table 1: Tax inequities between two neighborhoods in Portland

Established	RMV	Taxable Value	Taxes
9910 SW 61st	\$ 269,670	\$ 213,930	\$4,236
9931 SW 61st	\$ 270,590	\$ 236,110	\$4,270
9930 SW 61st	\$ 279,390	\$ 216,920	\$4,385
9911 SW 61st	\$ 311,450	\$ 252,070	\$4,897
Gentrifying	RMV	Taxable Value	Taxes
5134 NE 16th	\$ 267,870	\$ 72,870	\$1,624
5117 NE 16th	\$ 268,480	\$ 51,790	\$1,154
5126 NE 16th	\$ 282,140	\$ 51,640	\$1,151
5133 NE 16th	\$ 352,530	\$ 81,930	\$1,826

Solution

Seventeen other states have property tax limitations similar to Oregon’s. Of those, 15 readjust property taxes at the time of sale. Oregon’s existing system, according to a Lincoln Institute of Land Policy report, “has gone the farthest of any [in the country] in breaking the link between property taxes and property values.”

Resetting taxable value to real market value at the time of sale would reconnect the link between property value and property taxes, and improve the fairness of Oregon’s system.

IGR BILL REPORT
MARCH 6, 2013 / IGR COMMITTEE MEETING
CITY OF EUGENE

HB 2278: Imposes fee on retail sale of studded tires and on installation of studs in tires. Provides exception. Becomes operative May 1, 2014

Relating to: Relating to studded tires

Sponsored by: Representative Greenlick

Staff Comments: HB 2278 is the only one of several bills dealing with studded tires that appears to have a chance of moving out of committee. The bill would impose a fee on the sale of studded tires with the revenue going to the State Highway Fund. The funds would be distributed with the City receiving a share.

Recommendation: Priority 2 Support

HB 2397: Imposes fee on retail sale of studded tires and on installation of studs in tires. Provides exception. Becomes operative May 1, 2014.

Relating to: Relating to studded tires

Sponsored by: Representative Witt

Staff Comments: HB 2397 would impose a fee on sales of studded tires. 20% of the revenue would go to cities for damage to streets by studded tires. The bill is probably the strongest of several dealing with studded tires. LOC has #1 support for the bill. • In addition to creating a disincentive for the purchase of studded tires, which are destructive to paving, this bill compensates tire dealers (5%) and includes a 20 % net split to cities (i.e. Eugene would receive a share of the fee through its State Highway Trust Fund allocation). Related to HB 2277 (Which requires a permit to use studded tires) and HB 2278 (permit fee, lack of clarity on how fee revenue would be allocated. LOC is backing HB 2397 and HB 2778 (priority 1 support)

Recommendation: Priority 1 or 2 Support

HB 2766: Increases aircraft fuel tax to 11 cents per gallon for aircraft fuels other than fuel usable by turbine engines. Directs revenue generated by increase in tax rate to be used for deferred maintenance of certain airports and operations of Oregon Department of Aviation. Takes effect on 91st day following adjournment sine die.

Relating to: Relating to aircraft fuel; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority

Sponsored by: Transportation and Economic Development

Staff Comments: Management at the Eugene Airport is opposed to Oregon House Bill 2766-1 as amended. The increase to three cents per gallon on aircraft fuel usable in aircraft operated by turbine engines, either turbo-prop or jet engine, (jet fuel) will have a direct and detrimental effect on commercial air service across the state. In addition, the revenue raised by the increase will not benefit the commercial service airports for which the airlines impacted by this tax serve.

We fight for every flight we have at the Eugene Airport to meet the air travel needs of our community. The current state aircraft fuel tax for jet fuel is one cent per gallon. A two-cent increase to three cents per gallon may seem small, however, given the highly competitive nature of the commercial airline industry, it would likely result in a reduction of existing commercial air service at the Eugene Airport. In addition, it would act as a deterrent for airlines to add additional seat capacity, new nonstop routes, or for a new airline to enter the Eugene market.

Air service development is a high priority at the Eugene Airport. In our recent negotiations to bring Frontier Airlines to the Eugene Airport, airline property managers looked very closely at every cost that would be incurred to operate at EUG. This included the price of fuel provided through the supplier on the field. Under this amended legislation, the fuel supplier would pass on the increased jet fuel tax to the airlines. A higher jet fuel tax would definitely be a red flag for airlines considering operation at any of the commercial airports across the state. Unlike most industries in which personnel costs are the largest expense, fuel costs are the largest expense for airlines, accounting for approximately 35% of overall expenses. Volatile and high fuel costs over the past decade have played a pivotal role in the bankruptcies of several airlines and most surviving airlines continue to operate at a deficit. Those airlines that are profitable operate at extremely close margins and decisions on which markets to serve are based almost solely on yield comparisons with competing markets.

According to Airlines 4 America, every penny increase in the price of a gallon of jet fuel drives an additional \$180 million in annual fuel costs for U.S. airlines. Even a price of one dollar higher over the course of one year would translate to about \$18 billion more in operating expenses. Airlines are already subject to a federal commercial fuel tax of 4.3 cents per gallon of jet fuel, in addition to other federal transportation taxes. These taxes fund the federal Airport and Airways Trust fund, the main funding source for the Federal Aviation Administration. The FAA's Airport Improvement Program, in turn, provides funding for infrastructure improvements, which do directly benefit commercial service airports and airlines.

Recommendation: Oppose (as amended).

HB 2890: Repeals provision that prevents local governments from imposing conditions on approved permits that effectively establish sales price for residential development or limit purchase to class or group of purchasers.

Relating to: Relating to affordable housing

Sponsored by: Representative Frederick, Representative Gomberg, Representative Jenson, Representative Keny-Guyer, Representative Vega Pederson, Representative Williamson

Staff Comments: Eliminates prohibition that prevents local governments from adopting requirements addressing housing affordability, such as inclusionary zoning. Enables cities to make local decisions whether to pursue such measures addressing housing affordability requirements. • This is a ban on inclusionary zoning for affordable housing. The Housing Alliance supports it. This is a matter of local control.

Recommendation: Priority 1 Support

HB 2926: Requires certain municipal utilities to return surplus earnings to counties in which customers in unincorporated communities reside in same circumstances and at

same rate that apply when customers reside in city. Takes effect on 91st day following adjournment sine die.

Relating to: Relating to surplus earning of certain municipal utilities; prescribing an effective date

Sponsored by: Consumer Protection and Government Efficiency

Staff Comments: This bill, aimed solely at EWEB and Eugene, would redirect some of EWEB's CILT payments from the City to Lane County. The money in question would be equal to the CILT payments based on revenue from EWEB customers outside City limits. Obviously, this could be a substantial revenue issue for the City. I think the bill overlooks the fact that EWEB is a part of the City and also misperceives the nature of EWEB's CILT payments. It also raises some "interesting" home rule issues about a city's relationship to one of its own entities.

The payments in question are required (under statute, as opposed to City charter and code) only when the debt on EWEB's system has been paid off, and I don't know when that is or is close to the case. I will defer to others on the impact of this bill, but in principle it is wrong-headed and potentially has a significant financial impact. • HB 2926 would certainly have a significant negative fiscal impact on the City. It would divert a share of revenue now received by the City as EWEB CILT payments and redirect that revenue to Lane County. The bill appears to be aimed purposefully at Eugene and EWEB, the City's municipal utility. It should be strongly opposed. • I agree with the other comments and add that this is a utility owned by the citizens of Eugene, who have put a great deal of money into building, operating and maintaining the utility over many years. The purpose of the statute according to its own language is to reduce general property taxes within the city. Redirecting some of those payment to a county would not achieve the state purpose of the statute and would provide a financial benefit to the county and their taxpayers, who are simply customers of the utility and do not have any direct stake in it.

EWEB does not currently have a way to identify properties inside versus outside city limits. If approved, this bill would result in significant work for EWEB to map customers and flag those outside the city, as well as to maintain current designations as annexations occur. They do not have any way to make an estimate of the potential financial impact from this legislation.

Recommendation: Priority 1 Oppose

SB 0609: Changes requirements for obtaining certification as building official or building inspector.

Relating to: Related to persons responsible for ensuring compliance with state building code

Sponsored by: Senator Betsy Close

Staff Comments: This bill should be OPPOSED, as it would have a significant negative impact on Building and Permit Services operations and the cost of maintain services at current levels. Of primary concern: This bill would ultimately eliminate the ability to use cross-certified residential inspectors to efficiently combine inspections. All of our building inspectors, through a combination of work experience, education, extensive training and evaluation, are cross-certified to perform all of the necessary inspections of single-family homes, duplexes and townhomes. A single inspector can travel to a new home under construction and inspect the

framing, plumbing, wiring, mechanical work, etc. Under the new rules in order for an individual to be able to do that he/she would have to be a journeyman electrician and a journeyman plumber, and be a licensed architect or engineer or have a number of years' experience working as or for a general contractor. It is safe to assume that there are very few, if any, people in Oregon with that resume. There is an efficiency gained in sending a single inspector to a jobsite rather than three or four, and the City has made deliberate, significant investment in the cross-training of the inspection staff. There will be an on-going increase in the cost of providing inspection service if this ability is effectively eliminated. The bill would reduce the eligible applicant pool for future hires, remove hiring flexibility and make it harder to find the "right" people for Eugene. The required work experience is very limited and specific, and any ability to consider equivalent experience and training is taken away. We have an excellent staff consisting of highly skilled and competent individuals, yet under the proposed rule changes the majority of our plan reviewers and building inspectors would not be considered qualified to perform their current jobs if they were applying for them today.

Recommendation: Priority 1 Oppose

SB 0468: Establishes process for Oregon Liquor Control Commission to adopt rule declaring alcohol impact area upon petition by municipality. Establishes processes for granting exemptions and for review of rule. Declares emergency, effective on passage

Relating to: Relating to alcohol impact areas; declaring an emergency

Sponsored by: Senator Dingfelder, Representative Tomei

Staff Comments: No additional information – Similar bill in the past, recommendation was for support.

Recommendation: Priority 1 Support