



LOC Legislative Bulletin



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Municipal Audits Bill Gets Hearing

HB 2382, sponsored by Representative Donna Nelson (R-McMinnville), was heard by the House Audits Committee on Tuesday. The bill would clarify language related to municipal audits, and raise the threshold at which municipalities would be subject to a full audit instead of a review from \$500,000 in combined revenue and expenses to \$1 million in either revenue or expenses. The bill was submitted at the request of a water district in Representative Nelson's district, and she indicated in testimony that the threshold for an audit has remained unchanged since the statute was passed in 1941.

According to testimony from the secretary of state's office, the number of cities required to do a full-

blown audit would drop from 227 to 150. The secretary of state's office suggested some minor clarifications to the bill, and that an alternative could require only cities with \$500,000 in expenditures be subject to a full audit. Under that scenario, the number of cities subject to full audit would fall to 184.

The Oregon Society of Certified Public Accountants (OSCPA) testified in opposition to the bill, saying they believed it unnecessary. Testimony indicated that the OSCPAs believes that the existing requirements are relatively unambiguous, and that the department of revenue correctly explains audit requirements to those municipalities that may have questions. The president of the society also suggested that the Legislature should be wary of reducing accountability and transparency of government "particularly given the current political and press environment."

Rep. Jerry Krummel (R-Wilsonville), chair of the audits committee, provided comments which seemed to echo this concern.

Hometown Action

Have you visited the "Hometown Voices" web page lately?

There you can stay up-to-date with the most recent legislative activity. See page two for more information on how to access this web page.

"Shouldn't municipalities have to justify and substantiate the expenditures made on the public's behalf, and aren't audit recommendations helpful in keeping a government's accounting processes accurate?" Rep. Krummel asked.

Representative Tom Butler (R-Ontario), a committee member and accountant by trade, said the bill brings forward some salient issues.

"Audit and review are terms of art," he said. "They may have meant something different at the time the statute was written."

Representative Butler also indicated he was intrigued enough by the issue and testimony to voice his support for examining the expenditure threshold.

At press time, no work session had been scheduled for this bill.

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Central Oregon Cities stay Close to Legislators

The Central Oregon Cities Organization (COCO) holds a video conference with its legislators every other week during the legislative session. This has proven to be an essential tool for communicating with its legislative delegation while legislators are in Salem.

COCO was created in 1999 to deal with water issues in Central Oregon. Today it is a strong coalition of eight cities that comes together to ensure that legislators understand how the issues they are working on in Salem will impact their communities.

Cities participating in COCO include Prineville, Redmond, Sisters, Bend, Madras, Metolius, Maupin and Culver. The group is chaired by Culver Councilor Anzie Adams. A recent article from the *Bend Bulletin* illustrates how effectively COCO is communicating with legislators:

“Lawmakers get face-time with regional officials”

A camera flickered to life at 7 a.m. Thursday in a Capitol hearing room as the five state lawmakers who represent Crook, Deschutes and Jefferson counties nursed early- morning cups of coffee. They waved into the camera.

On an oversized screen, more than a dozen familiar faces waved back from similar cameras in Bend, Redmond, Prineville and Madras.

And then the questions started coming.

Given the twin barriers of limited time and distance, it is impractical for legislators from the far-flung parts of the state to regularly meet face-to-face with hometown decision makers during the session, which keeps them in the Capitol for at least six months.

The conference call helped whittle that distance, but staring at the speaker phone is now decidedly passe, thanks to advances in video technology.

Groups of lawmakers from Southern Oregon, Central Oregon and the Pendleton area have begun staging the video feedback sessions with constituents – and the two-way links also offer folks in distant locales the ability to testify at some legislative hearings, said William Gross, supervisor of the Capitol’s video office.

Thursday’s early morning meeting was the first in what will be twice-monthly opportunities for Central Oregon officials to convey advice or grill their representatives.

(Continued on page 3)

Mayor’s Day at the Capitol

Mayor’s Day is February 23, and **registration forms must be in by Wednesday, February 16.** To ensure that you get an appointment with your legislators it is best to contact them early. For information on how to contact your legislators, or if you need a registration form, please go to the Hometown Voices web page at www.orcities.org and click on the green “Hometown Voices” menu option. To get contact information for your legislators, go to “Legislative Information.” For a Mayor’s Day registration form, go to the “Calendar” link and click on the event.

Hometown Calendar:

Mayor’s Day at the Capitol
February 23

City Hall Day at the Capitol
April 13

In-District City Hall Day
TBA

The League would like to know if your city participates in phone or video conferences with your legislators during session. To let us know what your city is doing or for more information on how your city can establish phone or video conferences with your legislators during session please contact Andrea Fogue.

For more information about the Hometown Voices program, visit the Hometown Voices web page: www.orcities.org/legislative/grassroots/index.cfm, or contact Andrea Fogue at LOC: (503) 588-6550 or afogue@orcities.org

Surcharge Bill to be Heard Wednesday

Sponsored by the Committee on Rules, Senate Bill 420 proposes to charge all state and local governments a \$3-\$5 charge per public official. This surcharge on public servants would be used to fund the State's Government Standards and Practices Commission (the "GSPC"). Founded after the national Watergate scandal, the GSPC is the ethics and government oversight commission charged with the duty to regulate state and local government ethics. As written, the bill would allow per-head surcharge not only for government employees, but also for elected or appointed officials – and even certain volunteers. Additionally, the bill fails to clearly describe how the public servant surcharge would be apportioned among governments or how the costs would be calculated.

The League testified against a similar measure in the 2003 session. SB 420 is currently scheduled to be heard on Tuesday, February 8 at 3:10 p.m. in Hearing Room C of the Capitol Building. For more information about this bill, contact Christy Monson at the League.

City Officials Host House Revenue Committee

On Friday, the House Revenue Committee, chaired by Representative Tom Butler (R-Ontario), left the confines of the Capitol for a "field trip" to the Local Government Center. Committee members were lunch guests of the LOC Board of Directors and the board of the Oregon Mayor's Association. The committee also took part in an interactive discussion with city officials before attending a reception hosted by the Association of Oregon Counties. (See next week's *Legislative Bulletin* for details about this visit.)

(*"Lawmakers get face-time with regional officials"*
continued from page 2)

The featured guests were Sens. Ben Westlund (R-Tumalo) and Ted Ferrioli (R-John Day); and Reps. Chuck Burley (R-Bend), Gene Whisnant (R-Sunriver) and George Gilman (R-Medford).

Gilman, whose district stretches from the Ochocos across the Cascades to Eagle Point, participates in the meetings beamed to both Central and Southern Oregon.

The 45-minute session was moderated by Doug Riggs, the lobbyist for the Central Oregon Cities Organization. Whisnant, who is in his first session, applauded the videoconference and the ability to use local leaders as a sounding board.

The sessions will be on the second and fourth Thursdays of each month at locations with video links." In addition to the Central Oregon Cities, other cities across the state use weekly or bi-weekly phone conferences to communicate with their legislators while they are in Salem.

Typically cities will set up a conference at a time that is convenient for a legislator (or group of legislators) and provide an agenda for the meeting. Many cities have had luck with early morning meeting times before legislators get busy with committee meetings and their many daily commitments. Meetings are usually brief (not more than an hour) and may include community leaders beyond city officials such as businesses, schools, or citizens.

* * *

These conferences are an excellent way to keep legislators informed about how the issues they are working on in Salem will impact your community. COCO does a very effective job of working with their legislators on critical issues that impact their communities. The coalition works very closely with the League to advocate for priority city issues. Together, using their hometown voice and the League's advocacy team, we ensure that the voice of cities is heard in Salem.

Bill Would Restrict City Telecom Authority

Though it looks innocuous, HB 2445 poses a major threat to local government's ability to provide needed telecom and broadband services to their communities. The bill, a priority of the Oregon Telecommunications Association (OTA), mirrors legislation that was filed in 2003 by former Rep. Dan Doyle. This is the fourth session in which local governments face bills to limit telecom authority.

The bill would require that local governments hold a public vote and produce a three-year cost projection, which would show a negative cash flow because major capital projects carry significant start-up costs. Vague language in the bill could require additional public votes prior to the offering of new services.

In 2003, a similar bill died in committee after testimony by local government and business officials from across Oregon on the importance of local government taking action to meet community telecom needs. The testimony also indicated how the private sector was not providing the services that citizens and businesses need in the 21st century.

A coalition of groups that includes the League, the Oregon Municipal Electric Utilities (OMEU) and the Citizen Utility Board (CUB) is working to defeat this bill.

For more information, contact David Barenberg at LOC: (503) 588-6550.

DEQ Committee Package Receives a Hearing

On Wednesday, the Senate Committee on Environment and Land Use conducted a hearing on SB 45. Sponsored by the Oregon Department of Environmental Quality (DEQ), the bill implements the recommendations of the DEQ Blue Ribbon Committee.

Two years ago, the department established the committee to address the issue of the backlog in wastewater permits. At that time, Oregon led the nation with the largest backlog of major discharge permits. The committee included representatives from all sectors, including environmental interests. Estacada Mayor Bob Austin, a member of the LOC Board of Directors, represented the League.

The bill establishes a watershed approach to permitting in which all permits come up for renewal within a basin every five years. The bill also increases funding for the program by implementing a fee increase on dischargers, appropriating general fund resources and allowing fee indexing. Accountability measures are also required of the department that will help DEQ reach specific targets including 90 percent compliance in permits by 2007.

The committee did not hear any testimony in opposition, however, the bill was not passed out. Another hearing will be scheduled. SB 45 has a subsequent referral to the Joint Committee on Ways and Means.

Meet the Committee Chairs: Bob Jenson, House Water Committee

The most senior member of the House of Representatives, Representative Bob Jenson (R-Pendleton) chairs the House Committee on Water. Jenson was elected in 1997 and serves House District 58, which includes most of Umatilla County.

Since joining the Legislature, Rep. Jenson has been involved in water issues and brings a wealth of experience to the chairmanship of the Water Committee. This is the second consecutive session in which he chairs the committee, and in 2001 he chaired the Salmon Committee.

Raised on a ranch, Jenson moved to Pendleton in 1967 and taught at the Blue Mountain Community College for 26 years. He also taught four years of high school and has been a small business owner as well as the co-owner of the family farm. Rep. Jenson and his wife Evelyn have four grown children and 10 grandchildren, all living in Pendleton area.

A true statesman, Rep. Jenson is knowledgeable, hard working and conscientious. He is widely respected throughout District 58. In particular, Rep. Jenson has worked closely with the cities in his district and across the state on city issues.



Legislators Cast an Eye Toward Urban Renewal

A review of the bills released so far this session suggests that there are some legislators who are ready to delve into the complexities of urban renewal. Just four weeks into the 2005 session, a trio of bills related to urban renewal have been introduced. At least a couple of these bills could limit the effectiveness of urban renewal as a tool to eliminate blight and stimulate economic development. And there are rumors of at least one more bill working its way through drafting.

HB 2440, introduced by Representative Jerry Krummel (R-Wilsonville), authorizes school districts to activate urban renewal agencies to fund school construction and improvements. It is unclear how new or improved school facilities would generate additional private investment required to repay bonds that might be issued to fund the school projects, or what effect a “school renewal” district would have on overlapping urban renewal areas.

SB 425, sponsored by the Senate Committee on Rules, requires that 20 percent of all projects in an urban renewal area be for the purpose of constructing, acquiring or rehabilitating affordable housing. To be excepted from this requirement, a municipality would have to make a finding that an adequate supply of affordable housing exists and will be available for up to 10 years in the future. This bill is problematic because not all urban renewal boundaries are in areas suitable for residential housing; the bill limits targeted investments toward specific economic development/non-housing related challenges.

SB 412, introduced by Senator Kurt Schrader (D-Canby) at the request of John Williams, requires that urban renewals plans adopted or amended after the effective date of the bill be supported by school districts that levy taxes within the urban renewal boundaries. If an urban renewal plan is not “school supported,” the bill provides that school districts are exempt from having their portion of taxes on property inside an urban renewal district frozen, with the increased value used to pay for urban renewal projects initiated by another government. Urban renewal is a particularly effective tool because of the additional value that is amassed resulting from targeted investments. All taxing districts have the potential to benefit through urban renewal investments, and it has been the position of urban renewal agencies that these same taxing districts should help support the project by temporarily forgoing the increased value that urban renewal generates.

In previous legislative sessions, fire districts have sought a similar “opt out” of urban renewal, and may do so again in 2005.

Cities that have an urban renewal district are encouraged to discuss the benefits of urban renewal with their representatives and senators. Projects should be discussed in terms of their potential to create jobs and increase taxable value for ALL taxing districts that levy in urban renewal area boundaries. City officials should be sure to point out the successes of an urban renewal agency. These might include: revitalization of a downtown area, providing infrastructure to supported the location of a large manufacturer or major employer; or affordable housing or other buildings and amenities which benefit residents.

Bill Protects Public Servants

Senate Bill 218 was heard in the Senate Judiciary Committee (Chair Ginny Burdick, D-Portland) on Wednesday. Introduced by Senate President Peter Courtney (D-Salem) at the request of Oregon Attorney General Hardy Meyers, the bill allows a public servant (or the public servant’s employer) to petition for a court injunction ordering a person engaging in criminal conduct directed at the public servant to stop the criminal conduct. The bill specifically deals with criminal conduct that is directed at the public servant and is related to his or her employment.

League staff and the LOC Legal Advocacy Committee’s initial reading of the bill left questions as to whether the bill as written would cover only public employees or would also cover elected and appointed public servants. The Oregon Department of Justice graciously agreed to amend the bill to make clear that elected and appointed officials may also seek these injunctions. Chair Burdick held the bill over for a possible future work session to further address these amendments.

Types of criminal conduct that would allow a public servant to seek an injunction under the bill include: obstruction of governmental or judicial administration, assault, menacing, criminal trespass in the first degree, disorderly conduct, harassment and telephonic harassment.

LOC will keep cities posted on the progress of this bill. For questions or comments on this issue, please contact Christy Monson at the League.

Retirement Health Savings Accounts Bill Hot off the Presses

HB 2436, sponsored by Representative Sal Esquivel (R-Medford) at the request of ICMA Retirement Corporation, was printed this week and awaits action. The bill corrects an unintended consequence of changes to PERS that were enacted in the 2003 legislative session.

Prior to enactment of HB 2020 in 2003, retirement health savings accounts offered by employers allowed employees to direct a portion of their pre-tax salary to a health savings account for reimbursement of health care costs incurred in retirement. However, changes to PERS now have the effect of reducing an employee's pension payment as a result of making this election, thereby removing incentive to meet the challenge of managing these costs in retirement.

HB 2436 corrects this, allowing a portion of salary before taxes to be directed to such a vehicle without reducing an employee's pension. On retirement,

qualifying reimbursements from these accounts are also tax free.

The bill is a "win-win" for public employees and employers. It allows employees to fully utilize a powerful tool to help them fund health care expenses in retirement; it encourages employees to be pro-active about their health care decisions, rather than relying solely on taxpayer funded programs; it allows public employers to provide a powerful and attractive benefit to employees; and it will have no cost to employers.

ICMA Retirement Corporation is a not-for-profit provider of retirement plan services, created by and for public sector employers. The corporation serves over 60 cities, counties and special districts in Oregon, and provides a retirement health savings account vehicle known as the Vantage Care Retirement Health Savings Account.

New Faces

(Editor's Note – this is the third in a series on legislators serving in their first legislative session)

Representative Arnie Roblan, District 9



Representing the constituents of House District 9 is Rep. Arnie Roblan (D-Coos Bay). He is the principal of Marshall Field High School in Coos Bay and a lifelong educator with a master's degree in education from the University of

Oregon. Rep. Roblan brings local government experience to the House as a member of the Coos Bay-North Bend Water Board. He has been appointed vice-chair the House Agriculture and Natural Resources Committee, and is serving on the House Information Management and Technology Committee. Rep. Roblan's district covers coastal sections of Lane, Douglas and Coos Counties and the cities of Coos Bay, Dunes City, Florence, Lakeside, North Bend and Reedsport.

Representative John Dallum, District 59



Rep. John Dallum (R-The Dalles) is a retired public school superintendent. He serving as chair of the House Information Management and Technology Committee; vice-chair of the House Education Committee; and as a member of the House Trade and Economic Development Committee.

House District 59 includes Gilliam, Jefferson, Sherman, Wasco, Wheeler, and portions of Grant Clackamas, Deschutes and Marion Counties. Rep. Dallum serves the cities of Antelope, Arlington, Canyon City, Condon, Culver, Dayville, Dufur, Fossil, Granite, Grass Valley, John Day, Long Creek, Madras, Maupin, Metolius, Mitchell, Monument, Moro, Mosier, Mt. Vernon, Prairie City, Rufus, Seneca, Shaniko, Spray, The Dalles and Wasco

Selected Bill Summaries

The following are bills of city interest. Summaries are included weekly to outline the issues that may be discussed in hearings during the session.

The bills are categorized by city concern, using the League's standing and issue committee titles. The bill's number is followed by an identifying title and a summary of the salient features.

BUDGET BILLS

HB 2440 Division of tax for school construction: Authorizes school districts to activate urban renewal agencies and adopt urban renewal plans for purpose of funding school construction and improvements. (By Rep. Krummel)

COLLECTIVE BARGAINING

SB 319 Eliminates interest and welfare of public as first priority in labor arbitration: Eliminates interest and welfare of public as first priority in binding arbitration in public safety collective bargaining. Eliminates arbitrators consideration of other services and priorities of local governments in last best offer decisions. (By Committee on Rules)

SB 320 Weakens management of public safety employees: Reduces positions that are considered supervisory for the purpose of collective bargaining. (By Committee on Rules)

SB 321 Expands issues subject to collective bargaining for public safety officers: Expands issues subject to collective bargaining for public safety officers by including issues that have a "potential impact" rather than "direct and substantial" effect on the on-the-job safety. (By Committee on Rules)

COURTS

HB 2222 Department of Justice judgment liens: Provides that Department of Justice has lien upon certain judgments, settlements and compromises obtained by person who received award of compensation from department, or on whose behalf compensation was paid by department, for compensable crime. (By Atty. Gen. Myers for the Department of Justice)

EMPLOYMENT

SB 312 Penalty for OSHA violation: Imposes additional civil penalty on employers who willfully or repeatedly violate state occupational safety or health standard when violation injures employee. (By Senate Interim Committee on General Government)

HB 2093 Workplace inspection notification: Requires that the DCBS director notify employers whose workplaces are considered "one of the most unsafe" that they are subject to an increased likelihood of inspection; deletes the definition of those workplaces as having a disabling claims rate is above state average. (By Speaker Minnis for Gov. Kulongoski)

FINANCE & TAX: LOCAL FINANCE

SB 315 Multistate sales tax agreements: Directs Department of Revenue to enter into multistate agreements to streamline administration of sales and use taxes imposed by other states. (By Sen. Gordly)

SB 341 Damascus Financing: Authorizes recently incorporated city to borrow against tax revenues or other income anticipated in future fiscal period. (By Sen. Metsger)

SB 382 4% Sales Tax: Reduces personal income tax rates, including rates imposed on capital gains. Imposes 4% sales tax; preempts local governments from imposing sales tax. Includes state funded homestead exemption on principle residence for seniors and low income. (By Reps. Hass, Jenson; Sens. Schrader, Westlund)

FINANCE & TAX: URBAN RENEWAL

SB 412 Urban renewal school opt out: Eliminates school district taxes from division of tax method of funding urban renewal plans. (By Sen. Schrader for John Williams)

HEALTH INSURANCE

SB 298 Chemical dependence/mental health parity: Prohibits group health insurers from imposing treatment limitations, limits on total payments or financial requirements on coverage for chemical dependency, including alcoholism, and for mental or nervous conditions unless similar limitations or requirements are imposed on coverage of other medical conditions. (By Sen. Courtney for Sen. Carter)

LAND USE

SB 282 Annexation owner modification: Modifies meaning of “owner” and “landowner” for purposes of certain annexations of territory when interest is a public roadway located within or adjacent to the territory proposed to be annexed. (By Joint Interim Committee on Judiciary)

SB 380 Urban service provider annexation: Requires majority of voters in territory proposed to be annexed and majority of voters in city or district annexing territory to approve annexation plan under which city or district may annex territory within urban growth boundary. (By Sen. Schrader, Sen. Westlund)

SB 406 Measure 37 replacement: Establishes system to provide various types of compensation in specified instances when land use requirement reduces fair market value of property. (By Sen. Schrader)

PERS

HB 2436 Retirement Health Savings Accounts: Includes RHS elective employee contribution as “salary” for purposes of benefits under Public Employees Retirement System. (By Rep. Esquivel for ICMA Retirement Corporation)

PUBLIC SAFETY

SB 301 Use of deadly force/Grand Jury recording: This bill specifies circumstances under which peace officers and corrections officers may use deadly physical force. It also specifies under what conditions the secrecy of a grand jury may be broken when the grand jury is considering the use of deadly physical force by a public safety officer. (By Sen. Gordly)

TELECOMMUNICATIONS

SB 17 Task force on telecommunications law revision: Creates Task Force on Telecommunications Law Revision to: Identify obsolete terminology, organize Chapter 750, revise statutory provisions to reflect changing technology and make recommendations on the scope of PUC’s authority to regulate telecom. (By Oregon Telecommunications Coordinating Council)

TRAFFIC SAFETY

SB 153 Photo red light/radar sunset: This bill terminates all photo red light and photo radar systems in January of 2008. This bill requires each city operating a photo red light camera or a photo radar system until 2008 to present a biennial report to the Legislative Assembly. This report

shall include the effect of the use of the photo radar system on traffic safety, the degree of public acceptance of the system, and the administration of the system. (By Joint Interim Comm. on Trans., Trade, and Eco. Dev.)

TRANSPORTATION

HB 2413 Determining reasonable access: Specifies that alternative access from road or highway that is not adjoining road or highway is not reasonable when determining if access is reasonable. (By Rep. Garrard)

WORKERS COMP

SB 386 WC disability claim termination: Modifies the process for reexamination of a claim in which permanent total disability benefits are being paid and criteria for termination of those benefits. Changes the definition of “gainful” employment. (By Committee on General Government)

HB 2408 WC permanent disability changes: Makes permissive a reexamination of a workers’ comp claimant on disability; provides that a permanent disability award cannot be reversed unless there is evidence that the worker can return to suitable work. Eliminates the definition of “gainful occupation” in workers’ comp claims. (By Business, Labor and Consumer Affairs Committee)

WATER

HB 2186 Receipts authority: Repeals sunset provision relating to ability of Water Resources Department to enter into voluntary agreements with persons to expedite regulatory process. (By Gov. Kulongoski)

WATER QUALITY

SB 45 DEQ Blue Ribbon Committee proposal: Allows Department of Environmental Quality to issue individual, general or watershed water pollution discharge permits. (By Gov. Kulongoski)

Hearing Schedule

All hearings are held at the Capitol unless otherwise noted

Monday, February 7, 2005

Re: HB 2174. Makes site preparation and planning costs eligible for payment in economic development projects.

Where: Rm. 343

When: 8:30 a.m.

Re: HB 2175. Approval of financing for certain economic development projects.

Where: Rm. 343

When: 8:30 a.m.

Re: SB 431 & SB 432

Where: HR B

When: 3:00 p.m.

Tuesday, February 8, 2005

Re: SB 23. Makes technical changes to procedures for issuing, selling and maintaining bonds issued by public issuers.

Where: HR A

When: 8:30 a.m.

Re: SB 28. Maximum amount of outstanding indebtedness that applies to limited tax bonds.

Where: HR A

When: 8:30 a.m.

Re: HB 2154. Authorizes Governor to assign local resources.

Where: HR B

When: 8:30 a.m.

Re: HB 2155. Expands authority of Governor to assign fire-fighting resources.

Where: HB B

When: 8:30 a.m.

Re: SB 420. Charging public bodies amount based on number of public officials serving public body for purposes of funding activities of commission.

Where: HR C

When: 3:10 p.m.

Wednesday, February 9, 2005

Re: HB 2109. Revises laws regarding driver duties to certain pedestrians.

Where: HR C

When: 1:00 p.m.

Re: HB 2110. Advises Department of Transportation on issues, policies and programs that affect development and provision of rail freight and rail passenger facilities and services in Oregon.

Where: HR C

When: 1:00 p.m.

