

Heavens To Betsy

A rising star in the Legislature faces mounting ethical problems.

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State Sen. Betsy Johnson is regarded as a front-runner for either secretary of state in 2008 or governor in 2010. But with Johnson's growing clout comes increased scrutiny and ethical questions about two bills that could benefit her.

And *WW* has learned the problems may run deeper than previously reported on one of the bills for the Scappoose Democrat, who sits on the powerful budget-writing Joint Ways and Means Committee and who was among two current legislators on a 2006 gubernatorial commission charged with proposing new ethical guidelines for the Legislature.

One bill that has raised questions is Senate Bill 30, which passed the Senate last week. The bill aims to ban further development near the Metolius River, whose headwaters Johnson's family donated to the state and near which she owns a 160-acre retreat. Johnson has been criticized by the *Bend Bulletin* and others because by cutting off further development in the area, the bill will increase the value of her property.

The other bill, SB 807, is a measure sponsored solely by Johnson. The bill would create new taxing districts around rural airports. As *The Oregonian* reported Saturday, the bill could benefit Transwestern Aviation—a business that Johnson co-founded and that her husband now owns. Transwestern sits on six acres adjacent to a rural airport in Scappoose.

The bill would dedicate half of all new tax revenues generated over the next 25 years within a 10-mile radius of rural airports to infrastructure and operational needs.

Johnson's actions on this issue date back to 2005 when she introduced Senate Bill 670, which established the legal framework for airport taxing districts but provided no funding mechanism. Johnson declared a potential conflict of interest at that time because of her link to Transwestern.

After that bill became law, Johnson acquired 260 acres in two parcels on West Lane Road next to the Scappoose Airport, according to her 2007 Annual Verified Statement of Economic Interest, a form that all legislators file.

Johnson says she was merely a middleman between the seller, an aging farmer, and the ultimate buyer—West Linn developer Ed Freeman. Johnson says she made no profit and was trying to advance her long-held goal of promoting development in Scappoose. (Details of the transactions could not be verified by press time and Freeman could not be reached for comment.)

"I'm interested in the growth of the airport, period," Johnson says. "I have absolutely no business relationship with Ed Freeman."

If history is any guide, the special taxing districts Johnson proposes creating in SB 807—called Tax Increment Financing Districts—will almost certainly lead to significant appreciation of land value inside the districts. That's because tax dollars are diverted from other overlapping jurisdictions for the benefit of the land inside the district.

Johnson says she introduced SB 807 not to line her own pockets or her pals', but at the behest of the Oregon Aviation Business Association.

The lobbyist for that group, Gary Oxley, is also the lobbyist for a number of groups that have supported Johnson, including Fred Meyer, Safeway and the Oregon Association of Realtors.

The biggest mover in the OABA, according to Johnson, is developer Ted Millar, who has extensive property holdings around the Aurora Airport and who would benefit from the passage of SB 807. When Johnson was Oregon's aviation director in the late 1990s, she oversaw the state-owned Aurora airport.

Curiously, Johnson may be the legislator least in need of sponsoring self-serving legislation. She is a daughter of the late Redmond timber baron and seven-term legislator Sam Johnson. In January, the 56-year-old senator and her sister inherited an estate that probate records valued at nearly \$22 million.