

WORK SESSION
SB 480 A, HB 3333 A,
PUBLIC HEARING AND WORK SESSION
SB 944 A
PUBLIC HEARING
SJR 14

TAPES 184-185 A-B, 186 A, 187 A

HOUSE REVENUE COMMITTEE

JUNE 3, 2005 1:00 PM STATE CAPITOL BUILDING

Members Present: Rep. Tom Butler, Chair
 Rep. Vicki Berger, Vice-Chair
 Rep. Mark Hass, Vice-Chair
 Rep. Brian Boquist
 Rep. Sal Esquivel
 Rep. Larry Galizio
 Rep. Betty Komp
 Rep. Andy Olson
 Rep. Chuck Riley

Witnesses Present: Rep. Jeff Kropf, Dist. 17

Rep. Brad Witt, Dist. 31

Diane Bassett-Pohl, Mortuary and Cemetery Board

David Koach, Mortuary and Cemetery Board

Cheryl Pellegrini, Dept. of Justice

Chuck Roberts, Funeral Consumers Alliance of Oregon

Rep. Phil Barnhart, Dist. 11

Sen. Richard Devlin, Dist. 19

Bob Stewart, Supt., Gladstone School District

Tom Hughes, Mayor, Hillsboro

Ken Strobeck, League of Oregon Cities (LOC)

Marcia Kelley, American Assn. of University Women (AAUW)

Julie Suchanek, Oregon Community College Assn.

David Williams, Oregon School Boards Assn. (OSBA)

Staff Present:

Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist

Mazen Malik, Economist

Steve Meyer, Economist

Mary Ayala, Economist

Kristi Bowman, Committee Assistant

TAPE 184, SIDE A

002 Chair Butler Calls meeting to order at 1:08 p.m.

OPENS WORK SESSION FOR SENATE BILL 480

012 Paul Warner Gives updates on the bill. There are no new amendments at this time. Issues under review are reportable transactions and a Dept. of Revenue Web site. Those issues would likely have no revenue impact.

023 Chair Butler Discusses an informal work group for this bill that is meeting on the issues discussed by Warner. General comments about the bill.

041 Rep. Galizio Comments that people who pay their taxes on time perceive that there is no "culture of compliance." Expresses concern about limitations being put on the Dept. of Revenue's ability to identify abusive tax shelters.

071 Chair Butler Responds to Rep. Galizio's concerns.

105 Rep. Riley Expresses concerns about tax evasion schemes that the federal government does not "care about."

116 Chair Butler Responds to Rep. Riley's concerns.

145 Warner Comments that the Dept. of Revenue (DOR) is very active in using the CA amnesty database for analysis.

CLOSES WORK SESSION FOR SENATE BILL 480

OPENS WORK SESSION FOR HOUSE BILL 3333 A

165 Lizbeth Martin-Mahar Gives overview of HB 3333 A (Exhibit 1). The bill creates a charitable checkoff on the Oregon tax form for the Wounded Soldier Relief Program. Discusses the placement of the checkoff on the form.

206 Rep. Jeff Kropf Testifies that this is a companion bill to HB 3334.

231 Rep. Galizio Asks if the Wounded Soldier Relief Program is only for physical injuries and not for psychological issues.

238 Rep. Kropf Responds that the program provides grants to reserve soldiers who are physically injured. Discusses psychological help that the Pentagon will make available to soldiers for three years after their return from mobilization.

268 Rep. Esquivel

Expresses concern that a time limit cannot be put on a veteran's mental health issues.

- 279 Rep. Kropf Concurs with Rep. Esquivel's comments. She discusses a family member who is still being affected by psychological issues after his return from the Vietnam War.
- 306 Rep. Boquist Comments that the mental health issue for veterans is something that needs to be worked on in the interim session. There needs to be a comprehensive solution.
- 323 Rep. Boquist MOTION: MOVES HB 3333 A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 330 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, HASS, BUTLER. EXCUSED: BERGER.
- CLOSES WORK SESSION FOR HOUSE BILL 3333 A
- OPENS PUBLIC HEARING FOR SENATE BILL 944 A
- 350 Mazen Malik Gives overview of SB 944 A (Exhibit 2). The bill makes certain sales practices by licensees subject to discipline by the State Mortuary and

Cemetery Board (SMCB). The bill also allows the Dept. of Justice to handle issues not in the authority of the SMCB. Refers to the staff measure summary from the Senate Commerce Committee hearing on 03/22/05 (Exhibit 3). Discusses the SB 944 A-4 amendment (Exhibit 4).

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- 016 Diane Bassett-Pohl Testifies in opposition to SB 944 A and submits written testimony (Exhibit 5). The Board has worked very hard to develop the strongest “death laws” possible. Discussion with Chair Butler.
- 062 Rep. Hass Asks Bassett-Pohl if she agrees with the amendment’s proposal to reduce the numbers on the Board.
- 070 Bassett-Pohl Responds that she is opposed to any reduction to the Board. When an issue is brought before the Board, they have a very broad view because of the wide range of experience on the Board. Discussion with Chair Butler on the amendment.
- 111 Bassett-Pohl Testifies in opposition to the amendment because the current make-up of the Board is working.
- 142 Chair Butler Comments that the Revenue Committee is not changing the make-up of the Board, but rather is using the change in the number of members as a discussion point during the interim. Explains the intent of the amendment.

- 151 Rep. Hass Asks who sponsored the amendment.
- 153 Chair Butler Responds that he sponsored the amendment on behalf of constituents who have contacted him.
- 159 Rep. Boquist Clarifies with Bassett-Pohl that the Board is opposed to SB 944 A.
- 176 David Koach Testifies in opposition to SB 944 A and submits written testimony (Exhibit 6). The bill as originally written required the Board to deal with anti-trust issues that are beyond the scope of the Board's authority.
- 191 Cheryl Pellegrini Comments that the purpose of the Dept. of Justice's testimony is to address the fiscal impact of SB 944 A on the Dept.
- 209 Chair Butler Comments that it is not his intent to move the A engrossed bill out of the Revenue Committee.
- 210 Pellegrini Responds that the Dept. of Justice has no position on the amendment because the amendment concerns a policy issue between the legislature and the Board.
- 216 Rep. Berger Asks Chair Butler about the purpose of the bill's referral to the House Budget Committee.

- 220 Chair Butler Explains why there might be a fiscal impact if the amendment is adopted.
- 236 Rep. Riley Asks the Board members if the make-up of the Board is an issue that “the Board thinks about now.”
- 245 Bassett-Pohl Responds that the make-up of the board is reviewed periodically, and it has been determined that the current number of public and industry members is the right balance. Discusses the issue of minimum professional training standards stated in the amendment. Comments on the confidentiality laws that the Board must consider when making decisions. Discusses a specific case as an example.
- 289 Rep. Boquist Asks Pelligrini about anti-trust issues that pertain to the Board.
- 291 Pellegrini Discusses complaints received by the Board and the Dept. of Justice (DOJ). Some cemeteries are engaging in conduct that is in violation of anti-trust laws.
- 325 Koach Discusses with Chair Butler the anti-trust issues that have been brought to the attention of the Board and the DOJ. Comments on the complex and confusing issues in the original bill.
- 378 Rep. Boquist Comments on the Senate votes for the bill on 05/09/05.

- 391 Koach Responds that the problems with the Board could not be specifically identified as stated in the original bill. Comments that the amendment virtually eliminates the original bill.
- 415 Chair Butler Comments on discussions with Sen. Ringo regarding problems addressed in SB 944 A. Discussion with Koach.
- 466 Rep. Boquist Asks Koach about how many complaints the Board has dealt with in the last year and how many are still pending.
- 470 Koach Responds that the Board receives 75-100 complaints a biennium, and there is currently a backlog of 130 complaints.

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- 039 Rep. Olson Asks about the oldest case in the Board's backlog.
- 041 Koach Responds that the oldest case goes back about 5 years. Explains the complex nature of the cases and why they take so long to resolve.
- 073 Chair Butler Asks for more information on the case backlogs.
- 078 Bassett-Pohl Discusses the case backlog due to staffing issues.

- 095 Chair Butler Discusses license fees with Koach.
- 110 Koach Comments that the Board has been facing a revenue shortfall since 1999. SB 53 proposes to raise the death certificate fee by \$3. The fee has not been raised since 1985.
- 120 Rep. Hass Asks about the relationship of fees and consumer complaints.
- 124 Bassett-Pohl Agrees with Rep. Hass' comments. Adds that consumer complaints are handled as quickly as possible. Discusses the Board's dual responsibility of regulating the industry and helping the consumer.
- 149 Rep. Boquist Asks about the level of training and experience of the Board's investigators.
- 154 Koach Describes the process of training an investigator. Discusses the reasons why there has been a problem with retaining investigators in the compliance division.
- 206 Chair Butler General comments about investigator training. Reads a letter from a constituent in the funeral home industry regarding the lack of industry experience of the investigators. Expresses concern about the Board membership not reflecting the industry and states that is why the SB 944 A-4 amendment was written. Comments on the nature of the complaints.

380 Rep. Riley Agrees that the Board needs to examine the issues raised by Chair Butler. Comments that a career path would help resolve the turnover problem.

413 Rep. Hass Agrees that there should be a balance regarding investigations. However, there is a bigger issue regarding the Board's insufficient budget resulting in the backlog of cases.

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022 Rep. Boquist Comments that there needs to be a self-assessment by the Board.

030 Chair Butler Expresses concern that the Board "controls itself" and that it needs the necessary oversight of the Executive Director of the Board.

051 Bassett-Pohl If there are issues concerning the Board, they are ready to address them. The Board encourages industry participation. Discusses the confidentiality law and its limitations on Board members in open sessions. Discusses specific examples of investigators helping clients with compliance issues. There was no check-and-balance system in place before the change to the make-up of the Board in 1985.

075 Chuck Roberts Testifies in opposition to SB 944 A. Comments that the consumer wants regulation of the funeral industry and is willing to pay for it. There are as many complaints about the industry as there are complaints about the Board.

- 115 Chair Butler Comments that if the amendment is adopted, the Senate will be able to review the anti-trust issues addressed in the original bill. The Senate will also be able to address consumer issues.
- 122 Rep. Boquist Asks how the Board makes a recommendation for a fee increase.
- 130 Malik Responds that the process is sometimes regulated in statute and sometimes regulated under administrative rules of the Board.
- 146 Rep. Brad Witt Testifies in opposition to the SB 944 A-4 amendment. In its current structure the funeral industry is in the majority and regulates itself. This is a policy mistake for any board. For the public's interest more public members should be on boards. Discussion with Chair Butler. Comments on the backlog of complaints.

CLOSES PUBLIC HEARING FOR SENATE BILL 944 A

OPENS WORK SESSION FOR SENATE BILL 944 A

- 227 Chair Butler REPRESENTATIVE ESQUIVEL MOVES THE ADOPTION OF THE SB 944 A-4 AMENDMENT.
- 231 Rep. Boquist Clarifies that the amendment is asking the Board to do a self-study.

- 236 Rep. Riley Comments that in addition to a self-study, there should be ideas studied to retain staff.
- 246 Rep. Hass Comments that it is a good idea for the Board to do a self-study, but states that he is not sure that they need a law to do that. Expresses concern about the amendment that addresses the make-up of the Board.
- 260 Chair Butler General comments about issues that need to be addressed by the Board.
- 273 Rep. Galizio Comments that he is uncomfortable with the prescriptive nature of Section 1(b) of the amendment. Discussion with Chair Butler.
- 298 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, HASS, BUTLER. EXCUSED: BERGER.
- 303 Rep. Esquivel MOTION: TO REQUEST THE SUBSEQUENT REFERRAL TO THE JUDICIARY COMMITTEE BE RESCINDED, AND THE BILL BE REFERRED TO THE HOUSE SPECIAL COMMITTEE ON BUDGET WITH A DO PASS AS AMENDED RECOMMENDATION.

- 340 Rep. Komp Asks why the bill is being referred to the House Budget Committee instead of the Judiciary Committee.
- 343 Chair Butler Responds that the amendment may have budgetary considerations.
- 349 Chair Butler Asks for roll-call vote.
- 359 Chair Butler THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 8-1-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. VOTING NO: HASS.

CLOSES WORK SESSION FOR SENATE BILL 944 A

OPENS PUBLIC HEARING FOR SJR 14

- 391 Steve Meyer Gives overview of SJR 14 (Exhibit 7). The bill is an amendment to the State Constitution for voter approval. It would eliminate the double-majority requirement to pass a property tax measure.
- 446 Sen. Richard Devlin Testifies in support of SJR 14 and submits written testimony (Exhibit 10). Reviews the history of the double-majority requirement. States that he believes a replacement for the double-majority instead of an outright repeal will meet with voter approval.

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- 094 Rep. Phil Barnhart Refers to written testimony submitted (Exhibits 11, 12, 13). Testifies in opposition to the double-majority and supports SJR 14 because the double-majority requirement is anti-democratic.
- 151 Rep. Galizio Asks if there has been a court challenge to the proportion issue.
- 157 Sen. Devlin Responds that there has not yet been a court challenge, but he has been contacted recently by attorneys who plan to file a challenge.
- 162 Bob Stewart Submits written testimony from Gladstone citizens (Exhibit 14). Testifies in support of SJR 14 and submits written testimony (Exhibit 15). Adds that he has also been contacted by an attorney regarding a court challenge.
- 245 Rep. Galizio Discusses with Stewart the significance of referring this issue to the voters.
- 272 Tom Hughes Testifies in support of SJR 14. Explains why he believes the double-majority is bad public policy to “reward the lack of thoughtful behavior on the part of the voter.”
- 363 Ken Strobeck Testifies in support of SJR 14. Discusses the history of the double-majority requirement. Submits report by the League of Oregon Cities (Exhibit 16). Comments that there is a false assumption with double-

majority elections that there are updated and accurate election records.

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- 030 Marcia Kelley Testifies in support of SJR 14. Discusses the costs to special districts of holding multiple elections on the same issue.
- 077 Julie Suchanek Testifies in support of SJR 14 and submits written testimony (Exhibit 17). Discusses specific examples of failed elections due to the double-majority requirement.
- 092 David Williams Testifies in support of SJR 14 because of the substantial cost to school districts to hold multiple elections. It is a voter's rights bill, and the OSBA membership supports reforming the double-majority requirement.

CLOSES PUBLIC HEARING ON SJR 14

125 Acting Chair Berger Adjourns meeting at 3:34 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. 1. HB 3333, Staff Measure Summary, Martin-Mahar, 1 pg., 06/03/05
2. 2. SB 944, Staff Measure Summary, Malik, 1 pg., 06/03/05
3. 3. SB 944, Staff Measure Summary, Braun, 1 pg., 03/22/05
4. 4. SB 944, Amendment SB 944 A-4, Leg. Counsel, 1 pg., 06/03/05
5. 5. SB 944, Testimony, Bassett-Pohl, 3 pp., 06/03/05
6. 6. SB 944, Testimony, Koach, 1 pg., 06/03/05
7. 7. SJR 14, Staff Measure Summary, Meyer, 1 pg., 04/05/05
8. 8. SJR 14, Fiscal Analysis, Sexton, 1 pg., 04/01/05
9. 9. SJR 14, Revenue Impact Statement, Meyer, 1 pg., 04/05/05
10. 10. SJR 14, Testimony, Sen. Devlin, 1 pg., 06/03/05
11. 11. SJR 14, Handout: Newspaper Articles, Rep. Barnhart, 6 pp., 06/03/05
12. 12. SJR 14, Testimony from Rep. Dave Hunt, Rep. Barnhart, 2 pp., 06/03/05
13. 13. SJR 14, Testimony, Rep. Barnhart, 2 pp., 06/03/05
14. 14. SJR 14, Handout: Letters from Gladstone Citizens, Stewart, 8 pp., 06/03/05
15. 15. SJR 14, Testimony, Stewart, 2 pp., 06/03/05
16. 16. SJR 14, Booklet: Local Property Tax Election Study, Strobeck, 43 pp., 06/03/05
17. 17. SJR 14, Testimony, Suchanek, 1 pg., 06/03/05
18. 18. SJR 14, Testimony, Pulliams, 2 pp., 06/03/05
19. 19. SJR 14, Testimony, Oregon Education Assn., 1 pg., 06/03/05
20. 20. SJR 14, Testimony, League of Women Voters, 1 pg., 06/03/05