

INFORMATIONAL MEETING, SCHOOL FUNDING

PUBLIC HEARING & WORK SESSION:

HB 2052

TAPES 027-A, 028-A

HOUSE REVENUE COMMITTEE

FEBRUARY 2, 1999 ñ 8:30 A.M. ñ HEARING ROOM A ñ STATE CAPITOL BUILDING

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Members Excused: Rep. Diane Rosenbaum

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses Present: Dexter Johnson, Legislative Revenue Counsel

TAPE 027, SIDE A

007 Chair Strobeck

Called meeting to order at 8:34 a.m.

INFORMATIONAL MEETING, SCHOOL FUNDING

- 016 Steve Meyer Directed members' attention to School Revenue Summary: Governor's Budgeted State School Fund and Other (**EXHIBIT 1**). Reviewed cover page which lays out revenue sources, allocations.
- 029 Meyer
 - Revenue Source: State, Local K-12, Local ESD, Total General Operating Revenue. Discussion and questions interspersed.
- 105 Meyer
 - Revenue Allocation: ESD, K-12, Total Allocation. Discussion and questions interspersed.
- 146 Meyer
 - Other State Revenue: K-12, Total Other State
- 167 Meyer Directed members' attention to School Finance Distribution: Governor's Budgeted State School Fund (page 1). Listed new facility grant numbers separately by district.

Was surprised by the number of stop-loss districts (48), where the student count has decreased. Reasons: Change in base year to 1998-99; also funding level for 1999-00 doesn't show near the increase as in first year of last biennium. Unsure why so many districts show decline in student count, possibly poor economics. Decline in students increases student dollar amount, becomes subject to phase-down calculation.
- 2254 Paul Warner Asked if decline in student enrollment was greater than projected.
- 260 Meyer It is unevenly distributed, state total for 1999-00 is .04% higher than for 1998-99. Reasonable to assume that weighted student counts will increase faster than unweighted.
- 266 Rep. Shetterly Concerning stop-loss districts, asked Meyer to compare Falls City in Polk County (page 6) and Neah-Kah-Nie district in Tillamook County (page 7), why are they different?
- 283 Meyer Would have to go through calculation to answer. Discussion and questions concerning comparison.
- 324 Chair Strobeck Expressed surprise at the number of small school districts in regard to critical mass. Would be difficult to build new schools in these districts.
- 354 Chair Strobeck Closed informational meeting. Opened public hearing on HB 2052.

PUBLIC HEARING n HB 2052

- 359 Paul Warner Reviewed HB 2052. Relates to school formula, possible interpretation that if local school district is taxed below \$5 cap, state would fill the gap. This could provide a disincentive for school districts to tax at \$5 cap.
- 370 Steve Meyer This bill is technical correction bill, replaces language that was inadvertently removed from Measure 50 amendments. Without this change, some school districts in Linn and Deschutes counties could not use their full levy authority.
- 432 Meyer Asked committee to allow him to draft an amendments to correct language in the bill. Relates to school finance.
- 444 Rep. Merkley \$5 limit under Measure 5 was altered under Measure 50. Weren't groups frozen at the level that they had at that time, or do they currently have the authority to go to the \$5 limit?
- 452 Meyer They do not have the authority to go to the \$5 limit as a local option.

TAPE 028, SIDE A

- 030 Dexter Johnson When 1997 cuts were calculated under Measure 50, unexpectedly property tax districts in Linn and Deschutes counties picked up some of the counties' authority. As result, property taxes were higher in those two counties. Some of the taxing districts subsequently certified a lesser rate than their full authority to refund these collections. State ended up with more money because state school fund grant was correspondingly reduced. This amendment doesn't create any exception for these districts.
- 075 Johnson In response to questions, noted that state is doing damage to these two school districts under this proposal. Amendment was filed by legislative staff. These districts could correct this problem with local option authority, some have, others haven't.
- The problem is not due to these counties' mistake, it's the way the interaction between property taxes and the state school fund works.
- 146 Chair Strobeck Discussion and questions continued.
- 171 Rep. Shetterly Noted, bill drafts from Sens. Bryant and Yih address Linn and Deschutes counties. Would this bill with an amendment to address the exceptions, would that solve the problems?

186	Johnson	Only with respect to the schools.
190	Chair Strobeck	Asked for explanation of page 2, line 42.
195	Johnson	It directs whoever calculates state school fund grant to take property taxes that district would have received had they certified their maximum rate; and property taxes they received. Subtract it from their maximum authority.
208	Chair Strobeck	Noting that nobody signed up to speak, closed public hearing, opened work session.

WORK SESSION n HB 2052

221	Chair Strobeck	<p>Asked committee to consider two issues:</p> <p>Whether to use this bill as a vehicle to correct the phase-down number. Whether to deal with Linn and Deschutes County in this bill.</p> <p>He would prefer to deal with this issue in a future bill, and pass HB 2052 as it is.</p> <p>Asked for discussion.</p>
239	Rep. Merkley	<p>Asked why bill doesn't just say that local revenue would include amount based on amount at maximum rate.</p>
255	Meyer	Explained Page 2, line 28, subsection (b).
279	Rep. Williams	<p>MOTION: MOVED HB 2052 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.</p>
283	VOTE	<p>ROLL CALL VOTE: MOTION PASSES 7-0-2</p> <p>REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK</p> <p>REPRESENTATIVES EXCUSED: ROSENBAUM, SHETTERLY</p> <p>REP. KAFOURY WILL CARRY.</p>
313	Rep. Williams	<p>REQUESTED UNANIMOUS CONSENT TO REOPEN VOTE TO ALLOW REP. SHETTERLY TO VOTE ON HB 2052.</p>

316	Chair Strobeck	ASKED FOR ANY OBJECTIONS TO REOPENING THE VOTE. HEARING NO OBJECTIONS, CHAIR SO ORDERED.
317	Rep. Shetterly	VOTE: AYE MOTION PASSES 8-0-1
322	Chair Strobeck	Adjourned meeting at 9:30 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational, Meyer, School Revenue Summary: Governor's Budgeted State School Fund and Other, 9 pp.