

**SENATE REVENUE COMMITTEE**  
**FEBRUARY 16, 2005 8:30 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Rick Metsger  
Senator Floyd Prozanski  
Senator Charles Starr, Vice Chair

Members Excused: Senator Gary George

Witness Present: Mike Mueller, Oregon State Treasury  
Kate Richardson, Oregon State Treasury  
Sen. Vicki Walker, District 7

Staff Present: Paul Warner, Legislative Revenue Officer  
Mary Ayala, Economist  
Barbara Guardino, Committee Assistant

**TAPE 38, SIDE A**

005 Vice Chair C. Starr Calls meeting to order at 8:40 a.m.

**WORK SESSION, SB 267**

010 Mary Ayala Gives overview and background of SB 267, Staff Measure Summary (**EXHIBIT 1**). Allows Oregon Tax Court to determine the real market value or the correct valuation of property that is subject to special assessment.

029 Vice Chair C. Starr Comments on bill.

033 Chair Deckert Ginny Lang of Qwest said the company has dropped its objection.

047 Sen. Prozanski MOTION: MOVES SB 267 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

049 Vice Chair C. Starr ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.  
VOTE: 4-0-1  
VOTING AYE: METSGER, PROZANSKI, VICE CHAIR STARR, CHAIR DECKERT  
EXCUSED: GEORGE

**WORK SESSION, SB 22**

053 Paul Warner Gives overview of SB 22. Removes prohibition on State Treasurer investing certain funds in common stocks. See Section 1(2). Directs members' attention to a memo from State Treasurer's Office (**EXHIBIT 2**).

075 Mike Mueller Testifies in favor of SB 22. Summarizes results of a survey of state pension funds asking whether in-house investing was allowed and what parameters were placed on their ability. Twenty states responded.

123	Sen. Metsger	Supports bill but has concerns about direct investments. Is interested in seeing a summary of investments next session.
144	Mueller	Would be happy to report back.
150	Chair Deckert	Suggests an amendment in the House Revenue Committee that treasurer would present a formal report.
165	Sen. Prozanski	Report could be removed later if deemed unnecessary.
175	Sen. Prozanski	MOTION: MOVES SB 22 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
179	Vice Chair C. Starr	ORDER: HEARING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1 VOTING AYE: METSGER, PROZANSKI, VICE CHAIR STARR, CHAIR DECKERT EXCUSED: GEORGE

**PUBLIC HEARING, SB 302**

201	Warner	Staff Measure Summary ( <b>EXHIBIT 3</b> ). SB 302 creates term limits for Oregon Investment Council. Limits terms to 2 four-year terms in a 12-year period. Also requires written and recorded logs available to public. Specifies the council must meet every month.
212	Sen. Prozanski	Comments on term limits and asks how often council meets now.
225	Kate Richardson	Gives testimony relating to SB 302. Most of the items in the bill are codification of state treasurer's current policy. Monthly meetings are the exception. Treasurer is asking to drop the monthly requirement.
255	Sen. Prozanski	Expresses concerns on term limits.
275	Richardson	Shares Sen. Prozanski's concern, but does not oppose bill.
285	Sen. Metsger	Does not oppose term limits, but is reluctant to require monthly meetings.
305	Richardson	Treasury has spoken with Sen. Walker about this concern.
325	Sen. Prozanski	Asks for clarification regarding monthly meeting question.
365	Vice Chair C. Starr	Comments, there seems to be a contradiction between two sections in the bill: Section 1(2) and Section 2(2)a.
385	Richardson	Section 2 has been interpreted not to conflict with prior section.
395	Vice Chair C. Starr	Follow-up questions regarding the possible contradiction.
424	Sen. Prozanski	Agrees with Vice Chair Starr to make an amendment to clear up contradiction.

**TAPE 39, SIDE A**

006	Sen. Vicki Walker	Explains why she introduced SB 302. Calls her OIC bills the "Diana Goldschmidt bills" because during her period of service a number of things occurred that Sen. Walker believes were against OIC's ethics policy. There's a caveat that says ethical standards may be waived.
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Finds this inappropriate.

033	Sen. Prozanski	Informs Sen. Walker that Treasurer's office is not opposed to the bill with the exception of the monthly meetings requirement.
041	Sen. Walker	Would be willing to acquiesce to monthly meeting issue. Wants meetings to be live, not conference calls, for benefit of public.
048	Richardson	Explains, all meetings are scheduled to be attended by the public.
059	Sen. Walker	Council had a meeting in October 2004 that created the controversy. Follow-up comments.
063	Richardson	That meeting was indeed a public meeting. Minutes were taken at that meeting. It is Treasurer's policy to tape record. This was an off-site meeting and there was no audio equipment available.
084	Sen. Metsger	Comments, these points are valid; it's a good piece of legislation. Asks meetings not be set by statute.
099	Sen. Walker	Will draft a bill to remove the mandatory meetings.
107	Richardson	Section 2 amendments are not part of current statute.
110	Vice Chair C. Starr	Asks for further discussion; notes amendments are needed.
115	Warner	Comments Section 6 is where the monthly requirement is mentioned.
120	Sen. Walker	Agrees to the deletion of Section 6.
127	Chair Deckert	Expresses concern about term limits for a chairman. A person doing a good job would not be able to continue.
149	Sen. Walker	Responds, OIC came up with these ethical standards. They are very good. Current chair was brought back with the express purpose as serving as chair. Contends chair serves in violation of current policies.
185	Vice Chair C. Starr	Asks for further discussion. Asks that the conflict between the two sections be addressed.
188	Sen. Prozanski	Discussion on conflict. Questions why section 2 goes into effect in 2007. Why couldn't it be implemented sooner?
195	Richardson	This was part of PERS reform. In the past a member of the PERS board would serve on OIC. With board downsizing, there was nobody from PERS to serve. This postponement was a compromise.
216	Sen. Walker	Cites a letter to former Gov. Kitzhaber concerning a former chair's plans to return to Investment Council as its chair.
245	Richardson	Suggests another amendment, clarification to Section 2.
259	Sen. Walker	Concurs.
267	Vice Chair C. Starr	Committee will return to this bill to discuss amendments. Closes public

hearing on SB 302.

287	Warner	Discusses schedule for next week. Committee will meet Friday, February 25, for Revenue Forecast.
312	Vice Chair Starr	Adjourns meeting at 9:29 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 267, Staff Measure Summary, Ayala, 1 pp.
2. SB 22, memo RE: Requested Information relating to Senate Bill 22, Warner, 3 pp.
3. SB 302, Staff Measure Summary, Warner, 1 pp.