

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

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

Members Excused: Senator Gary George

Witnesses Present: Mike Mueller, Oregon State Treasury  
Pat Clancy, Municipal Debt Advisory Commission  
Harvey Rogers, Preston/Gates/Ellis LLP, Portland  
Michelle Deister, League of Oregon Cities

Staff Present: Paul Warner, Legislative Revenue Officer  
Steve Meyer, Economist  
Mazen Malik, Economist  
Barbara Guardino, Committee Assistant

**TAPE 28, SIDE A**

011 Chair Deckert Calls meeting to order at 8:35 a.m.  
Committee stands at ease to await a quorum.

**WORK SESSION, SB 24**

044 Chair Deckert Opens work session on SB 24, authorizing sale of equity investments in the Common School Fund.

046 Mike Mueller Testifies in favor of SB 24. Allows for flexibility for definition of income for the Common School Fund, giving additional discretion to State Land Board.

057 Chair Deckert Requests Mueller comment on prior discussion from when bill came up Jan. 31, 2005.

061 Vice Chair C. Starr MOTION: MOVES SB 24 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

064 Sen. Deckert ASKS FOR ANY OBJECTION. THERE BEING NO OBJECTION THE CHAIR SO ORDERS.  
VOTE: 3-0-2  
MEMBERS VOTING AYE: PROZANSKI, VICE CHAIR C. STARR, CHAIR DECKERT  
MEMBERS EXCUSED: GEORGE, METSGER

**WORK SESSION, SB 21**

079 Mazen Malik Gives review of SB 21. Staff Measure Summary (**EXHIBIT 2**). Deletes prohibition on investment of certain funds in foreign securities. No revenue impact or fiscal impact statements issued.

- 103 Vice Chair C. Starr MOTION: MOVES SB 21 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
- 109 Sen. Deckert ASKS FOR ANY OBJECTION TO MOTION. THERE BEING NO OBJECTION THE CHAIR SO ORDERS.  
VOTE: 3-0-2  
MEMBERS VOTING AYE: PROZANSKI, VICE CHAIR C. STARR, CHAIR DECKERT  
MEMBERS EXCUSED: GEORGE, METSGER

**PUBLIC HEARING, SB 23**

- 131 Malik Reviews SB 23, Staff Measure Summary (**EXHIBIT 3**). Makes technical changes to procedures for issuing, selling and maintaining bonds issued by public users. Contains clarifying language.
- 153 Malik Bill also addresses issue of limiting tax bonds for counties to finance pension bonds and to set 5% limit vs. 1% limit. This change is also the subject of the change in SB 28. Change allows Council of Governments to be under same laws as municipalities.
- 190 Malik Discusses language on page 2, line 41.
- 219 Malik Amendments proposed for this bill have not arrived yet.
- 226 Pat Clancy Testifies in favor of SB 23. Chair of Municipal Debt Advisory Commission, which is charged with overseeing municipal debt issuance process and preparing bills to address concerns.
- 265 Harvey Rogers Testifies in favor of SB 23. See Summary of Testimony of Harvey W. Rogers on Senate Bills and 28 (**EXHIBIT 5**). Will walk members through bill section-by-section. Will also discuss amendment that is not currently before the committee that is a mistake.
- 296 Sen. Prozanski Asks Rogers to point out areas that contain differences in opinion.
- 306 Clancy Before this committee is what has been agreed upon.
- 325 Rogers Gives background on issue of adjustment of Oregon counties' constitutional debt limits. Two sessions ago there became an awareness of growing unfunded actuarial government liability that governments have to Oregon Public Retirement System.
- 365 Rogers In order to pay down unfunded PERS liability, legislature adopted statutes to authorize counties to incur indebtedness for pension liabilities. Language in SB 28 and SB 23 is an effort to say the older statute deals with borrowings that are not pension borrowings. Pension borrowing is a separate authorization.
- 423 Rogers Continues comments concerning SB 23.

**TAPE 29, SIDE A**

- 019 Rogers Begins discussion of second issue, which will appear in an amendment. Pertains to local governments and property taxes. General obligation bonds for Oregon local governments are different

from the state because of local options. The amendment will deal with cash flow issues in regard to these bonds.

- 066 Rogers An amendment will address this problem as well as a problem that Marion County is experiencing.
- 103 Sen. Prozanski Asks questions on issue of 12% interest for late payments.
- 115 Malik Explains.
- 139 Clancy Explains why this last piece is coming as an amendment.
- 175 Michelle Deister Testifies in support of upcoming amendments.
- 180 Chair Deckert Closes public hearing on SB 23; opens public hearing on SB 28.

**PUBLIC HEARING, SB 28**

- 199 Malik Reviews SB 28. Clarifies maximum amount of outstanding indebtedness that applies to limited tax bonds issued to finance pension liabilities.
- 223 Rogers Explains, there are identical provisions in SB 23 and SB 28. The language is only needed once.
- 237 Chair Deckert Would prefer it drafted as amendment in SB 23.
- 280 Chair Deckert Closes public hearing on SB 28. Will bring amendments back as SB 23. Notes agenda for remainder of week: White paper on taxation of regulated utilities. Adjourns meeting at 9:22 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

**Exhibit Summary:**

1. SB 24, Staff Measure Summary, Meyer, 1 pp.
2. SB 21, Staff Measure Summary, Malik, 1 pp.
3. SB 23, Staff Measure Summary, Malik, 1 pp.
4. SB 23, Legislative Fiscal Office, No Expenditure Impact Statement, Malik, 1 pp.
5. SB 23, Summary of Testimony of Harvey W. Rogers on Senate Bills 23 and 28, Rogers, 4 pp.
6. SB 28, Legislative Fiscal Office, No Expenditure Impact Statement, Malik, 1 pp.
7. SB 28, Staff Measure Summary, Malik, 1 pp.