

HOUSE REVENUE COMMITTEE
APRIL 10, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Vicki Berger
Representative Pat Farr
Representative Elaine Hopson
Representative Max Williams

Members Excused: Representative Phil Barnhart
Representative Mark Hass

Witness Present: Jim Scherzinger, Portland Public Schools
Ozzie Rose, Oregon Confederation of School Administrators
Matt Markee, Equity Steering Committee
Greg Warnock, Oregon Veteran's Association
Walter Crews, Non Commissioned Officers Association of the USA
United Veterans Groups of Oregon
Dennis Hooyman, Veteran
Representative Mary Gallegos, District 29
Paula Brown, Oregon Department of Veteran's Affairs
Representative Jeffrey Merkley, District 47

Staff Present: Paul Warner, Legislative Revenue Officer
Steve Meyer, Legislative Revenue Office
Lizbeth Martin-Mahar, Legislative Revenue Office
Kathy Tooley, Committee Assistant

TAPE 118, SIDE A

053 Chair Shetterly Calls meeting to order at 8:35 a.m.

OPENED PUBLIC HEARING HB 3449

055 Chair Shetterly Stated there were new -3 amendments (Exhibit 1) replacing HB 3449.

060 Steve Meyer Discussed background of HB 3449 and -3 amendments.

093 Jim Scherzinger Discussed Measure 50 debt repayment provisions, (Exhibit 2). Provided description of -3 amendments.

200 Discussion regarding the effects of Measure 50 and history of gap bonds as a requirement of membership in the PERS system. Discussed additional administrative debt.

262 Rep. Scott What effect did restructuring do to the formula positively or negatively when it first occurred?

267 Scherzinger At first, Measure 50 set permanent rate at roughly higher than other school districts; Portland's contribution was equivalent to others. An exception was created for desegregation requirements on Portland Public Schools (PPS). The purpose was to give more money to PPS which had a desegregation requirement that other schools did not have. Legislation was passed with

sunset date, PPS will allow sunset to die, allowing \$8 million to go back to state school fund.

- 294 Scherzinger Measure 50 did not give Portland more. Portland taxpayers had to repay gap bond. Measure 50 did not create distortion; it was created when desegregation regulation was passed 2 years prior.
- 309 Ozzie Rose Spoke in support of HB 3449, discussed PERS debt as a special situation.
- 350 Chair Shetterly What about 750 to 15%.
- 354 Rose Would support. Do not support the local option, unless it is set up so legislature levies it statewide. This bill is not an answer to funding crisis.
- 380 Questions and discussion regarding discussion coming up in the Senate.
- 388 Matt Markee Spoke in opposition to HB 3449. Refinancing PERS is probably okay, if don't raise more after 2 years. Concern with the bill is increase in cap on local option.
- 412 Chair Shetterly You are okay with permanent rate vs. PERS, the desegregation and the gap bonds.
- 415 Markee Answered affirmatively.
- 417 Chair Shetterly Issue is 750 and 15% on the local option.
- 420 Markee It's the biggest concern; represents mid-size districts concerned about the disparity in funding across state. Concerned about local option caps and business taxes, disparities would start to grow again. Discussed Senate Bills, mid-size school district doesn't get additional money while helping special needs. Looking to slow this bill down and look at as a package to see costs to districts rather than piece by piece.
- 450 Markee Position of Equity Committee that every child has equal opportunity for education.
- 463 Chair Shetterly Regarding mid-size schools, not sure how the transportation portion of the formula and high growth applies to raising the cap?
- 482 Markee It probably doesn't, but opposed to raising cap because of disparities it brings among districts.
- 490 Rep. Berger How do you define mid-size district?
- 499 Markee LaPine, Silverton, Woodburn, McMinnville, Newberg, Lincoln County, Central in Polk County, 5000-6000 students

TAPE 119, SIDE A

- 035 Rose Discussed complexities; Silverton School District Superintendent is the chair of Oregon Confederation of School Administrators and authorized his earlier testimony.
- 046 Chair Shetterly Technical work still necessary on -3 amendment?
- 050 Meyer Answered affirmatively, discussed two other school districts with gap funding.

054	Scherzinger	True, it may make sense to have this apply to districts with higher rates. Other places where rates are high include Bend, and Sweet Home. Dollar amounts involved with both of those are small.
068	Chair Shetterly	Need -4 amendment, inclination to move the bill as it fixes bigger problems for Portland. Will see the bill again as the Senate is interested in fixing caps.
082	Rep. Hopson	Glad Committee is going to put pieces together, eager to look at big picture.
094	Rep. Scott	Agreed with that approach. Don't want to do this in advance of other pieces.
100	Chair Shetterly	The only change in formula is to the good statewide, balance only affects Portland. Changes begin with 2003-05 biennium.
128	Scherzinger	The only way Portland can get more money is if it uses local option authority and the voters approve it; no affect statewide. Refinancing can push things around to affect accrual.
139	Chair Shetterly	Closed Public Hearing on HB 3449.

OPENED PUBLIC HEARING ON HJR 44

142	Chair Shetterly	Closed Public Hearing on HJR 44.
-----	-----------------	----------------------------------

OPENED PUBLIC HEARING ON HB 2902

142	Lizbeth Martin-Mahar	Provided description of HB 2902 (Exhibit 3).
178	Greg Warnock	Spoke in support of HB 2902. (Exhibit 4) Tax credit for residential care facilities for disabled veterans would help alleviate financial burden by providing incentive for care facilities to choose veterans over wealthier potential residents.
265	Walter Crews	Spoke in support of HB 2902.
261	Dennis Hooyman	Spoke in support of HB 2902, discussed personal experience with 82 year old naval veteran who committed suicide, needed additional care.
323	Rep. Verger	Reiterated difficulty veterans have in finding local residential health care.
347	Chair Shetterly	Did we look at this last session?
349	Warnock	No.
354	Chair Shetterly	Closed Public Hearing HB 2902

OPENED PUBLIC HEARING ON HB 2903

363	Martin-Mahar	Provided description of HB 2903 (Exhibit 5).
379	Warnock	Spoke in support of HB 2903 (Exhibit 6) as an additional \$200 credit for military veterans who may be more likely to require long-term care at a younger age; cited dangerous and hostile work environment.
430	Crews	Spoke in support of HB 2903.

440	Hooyman	Spoke in support of HB 2903, discussed personal experience with petty officer, who spent most of his money on medication and insurance policies.
462	Chair Shetterly	Closed Public Hearing on HB 2903.

**OPENED PUBLIC HEARING ON HB 2953
TAPE 118, SIDE B**

038	Lizabeth	Provided background and description of HB 2953, (Exhibit 7).
060		Discussion regarding Oregon Tax Return form (Exhibit 8).
090	Rep. Gallegos	Spoke in support of HB 2953, (Exhibit 9) would like to see the Veteran's check off on the front sheet of the tax return.
123		Discussion regarding Oregon Veterans Home appearance on the House floor.
126	Rep. Gallegos	Answered affirmatively.
130	Warnock	Spoke in support of HB 2953, (Exhibit 10). Provided background on the Oregon's Veteran's Home, citing near depletion of existing funds.
170	Crews	Spoke in support of HB 2953. Described history of the Oregon Veterans Home.
189	Hooyman	Spoke in support of HB 2953. Relayed personal childhood experience with well-funded veteran's home in Wisconsin.
200	Paula Brown	Spoke in support of HB 2953. Discussed Oregon Veterans Home which does not receive general fund dollars.
260	Chair	It took legislation to get the Veterans Home in the book because the home is not a 501C3 organization? Received nods of affirmation from Rep. Merkley and representatives of the Revenue Department.
265	Brown	Answered affirmatively. In order to be listed in the booklet, required to have 10,000 signatures. There were over 14,000 signatures collected.
275	Chair Shetterly	Questions and discussion about preliminary 2002 contribution figures.
293	Chair Shetterly	Closed Public Hearing on HB 2953

REOPENED PUBLIC HEARING ON HJR 44

306	Martin-Mahar	Provides description of HJR 44. Amends constitution.
287	Rep. Jeffrey Merkley	Spoke in support of HJR 44 as a way to contribute to conversation on tax expenditures and credits. This is an effort to put a handle on tax credits, or regularly review them. This bill, requires each tax credit be reviewed when it sunsets, limited to 6 years or less. Another approach is similar to Individual Development Account tax credits which limits amounts disbursed.
361	Chair Shetterly	Having tax expenditure book has started to focus to issues regarding tax expenditures as corollary to appropriations in Ways and Means process.
374	Chair Shetterly	Closed Public Hearing on HJR 44.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Chair Shetterly, "HB 3449-3 Amendment", 12 pages.
2. Scherzinger, "Portland Public Schools Summary of Financial Effect of Debt Restructuring HB 3449", 1 page
3. Martin-Mahar, "Staff Measure Summary HB 2902", 1 page
4. Warnock, "Testimony HB 2902", 2 pages
5. Martin-Mahar, "Staff Measure Summary HB 2903", 1 page
6. Warnock, "Testimony HB 2903", 1 page
7. Martin-Mahar, "Staff Measure Summary HB 2953", 2 pages
8. Phillips, "Oregon Individual Income Tax Return, Form 40", 2 pages
9. Rep. Gallegos, "Testimony HB 2953", 2 pages
10. Martin-Mahar, "Staff Measure Summary HJR 44", 1 page