

**HOUSE REVENUE COMMITTEE
APRIL 3, 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 Mark Hass
Representative Elaine Hopson
Representative Max Williams

Members Excused: Representative Phil Barnhart
Representative Vicki Berger

Witness Present: Representative Randy Miller, District 37
Joe Ledger, Associated Oregon Industries (AOI)
Joe Schweinhart, AOI
Representative Jeff Merkley, District 47
Senator Steve Harper, District 28
Peter Hainley, Community and Shetter Assistance Corp
John McCulley, Apple, Pear and Cherry Growers of
Hood River, Wasco, Umatilla and Jackson Counties
Baltazar Ortiz, Hacienda Community Development Corporation
Larry Perry, Oregon Common Cause
Jack Kenny, Oregon Housing and Community Services
Mike Grainey, Oregon Office of Energy
Jeff Bissonnette, Citizen's Utility Board of Oregon
Libby Henry, Eugene Water and Electric Board
Robin Freeman, Oregon People's Utility District Association
Bob Costagna, Oregon Catholic Conference
Mary Mann, Goose Hollow Window Company, Inc, Metro Family Housing
Council, Oregon Apartment Association, Oregon Remodelers
Association, National Association of Remodeling Industry
Matt Blevins, Oregon Environmental Council
Craig Smith, Chemeketa Community College, Willamette University
Bob Barber, Central Oregon Community College
Stephen Kridelbaugh, Southwestern Oregon Community College
Richard Levine, Rogue Community College
Cam Preis Braley, Commission on Community Colleges

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

TAPE 107, SIDE A

004 Chair Shetterly Calls meeting to order at 8:40 a.m.

OPENED PUBLIC HEARING ON HB 3129

010	Lizbeth Martin-Mahar	Provided background and described HB 3129 (Exhibit 1); discussed sunset; revenue impact (Exhibit 2); charitable contribution credit, (Exhibit 3).
074	Rep. Randy Miller	Spoke in support of HB 3129. The bill is designed to empower Oregonians to give up to \$100 to charities of their choice, instead of being limited to special interests that were able to get into the tax code.
156	Rep. Miller	Discussed removing political and cultural trust credit.
181	Chair Shetterly	There is an addition to Oregon income if a federal deduction is claimed for the same contribution. Questions and discussion regarding contributions over the credit.
198	Ledger	Spoke in opposition to HB 3129, regarding pollution control credit. This is one of the few credits left that is designed to keep industries here.
260	Joe Schweinhart	Spoke in opposition to HB 3129, (Exhibit 4). Discussed advantages of business energy tax credit.
308	Chair Shetterly	Recessed Public Hearing on HB 3129

OPENED PUBLIC HEARING ON HJR 43

325	Steve Meyer	Provided background and described HJR 43.
343	Chair Shetterly	We've just been handed the -1 amendment that appears to replace the bill.
350	Rep. Jeff Merkley	Spoke in support of HJR 43 (Exhibit 5), described education brief and basic concept of the bill, to provide for an index of 2001-2002 and fund Oregon schools at an inflation adjusted per student minimum floor in an effort to provide education stability.

TAPE 107, SIDE A

051	Rep. Merkley	Discussed need for study on what worked or didn't work with Proposition 98 in California and elsewhere; what triggers make sense or don't make sense; and the vote it should take to lower the minimum.
061	Rep. Merkley	Discussed State School Funding per ADMr (Page 5, Exhibit 5).
071	Sen. Steve Harper	Spoke in support of HJR 43 and -1 amendment, (Exhibit 6) as necessary for stable school funding to allow superintendents certainty in knowing what the floor would be, with a possible add back list. This floor coupled with a local option can become a package concept that should be considered.
113	Rep. Hass	What about the shrinking pie of human services, community colleges and higher education?
115	Rep. Merkley	This looks down the road, goes to the voters next year and would not be in place until 2005-2006. Need to be aggressive on the education front.
130	Sen. Harper	See this bill as floor, and the savings account will fill in the gaps in disaster years. Questions and discussion regarding local option and punting approval back to voters.

257	Rep. Hopson	In regards to the quality education model. How can we be sure the floor is not seen as ceiling?
268	Sen. Harper	There is no guarantee based on the economy. This is a good first step.
286	Chair Shetterly	This provides element of stability, if take this route.
275	Sen. Harper	School financing is another discussion. This is the first tier of building block. Allows communities to put out school budget year after year with some certainty.
300	Chair Shetterly	Using the stability fund as gap filler would take an amendment. Looking at the -1, the floor is general fund when combined with local revenue is equal to prior year adjusted formula. Does not take into account use of the stability fund which is money other than general fund. There are years fund might dip and the stability fund needs to be gap filler.
340		Questions and discussion regarding measure of school attendance. Discussed reasoning for preference on ADMr and for utilizing an index based on a particular year was for crisp measure.
355	Chair Shetterly	If this was enacted 5 years ago, what would that general fund obligation be for 2002-2003 school year? Would like to see those numbers.
360	Merckley	One of the factors is an estimate of increase in student population and inflation over a two year figures.
373	Chair Shetterly	Recess Public Hearing on HJR 43

REOPENED PUBLIC HEARING ON HB 3129

388	Peter Hainley	Spoke in opposition to HB 3129, (Exhibit 7) regarding the elimination of farm worker tax credits, cited additional administrative burden the bill would provide. Provided CASA of Oregon Status Report, (Exhibit 8).
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TAPE 106, SIDE B

042	John McCulley	Spoke in opposition to HB 3129. Reiterated comments made by Hainley. Important tax credit to growers who provide a significant amount of farm worker housing.
061	Balthazar Ortiz	Spoke in opposition to HB 3129, (Exhibit 9). Discussed benefits of stable farmer worker housing based on personal experience; cited disruption to families when families have to live in separate quarters. Adequate housing provides dignity and family base of support.
108	Larry Perry	Spoke in opposition to HB 3129, (Exhibit 10) as it affects the repeal of the political tax credit. The one tax credit that relates to the process of governing and democratic decision making.
135	Jack Kenny	Spoke in opposition to HB 3129, (Exhibit 11) as it relates to the farm worker housing credit. Reiterated points made by Hainley, McCulley, and Ortiz.
220	Mike Grainey	Spoke in opposition to HB 3129, as it pertains to the business energy tax credit. Reiterated comments made by Schweinhart. Discussed energy tax credits (Exhibit 12), and 2001 legislation to enhance it in response to the energy crunch, (Exhibit 13).

- 274 Jeff Bissoneth Spoke in opposition to HB 3129, reiterated comments by the Office of Energy and others who have cautioned the Committee about ending the energy tax credit.
- 315 Libby Henry Spoke in opposition to HB 3129, as it pertains to the energy tax credit, (Exhibit 14).
- 345 Robin Freeman Spoke in opposition to HB 3129, as it pertains to the energy tax credit.
- 395 Bob Castagna Spoke in opposition to HB 3129, as it relates to the elimination of farm worker housing construction and loans. The credit accomplishes a worthy social goal.
- 403 Mary Mann Spoke in opposition to HB 3129, as it pertains to the energy tax credit.
- 470 Matt Blevins Spoke in opposition to HB 3129, (Exhibit 17), one of the few times OEC and AOI agree. Oppose losing business energy tax credit. The credit is an example of a tax credit that does good things.
- 485 Chair Shetterly Closed Public Hearing on HB 3129.
- 498 Chair Shetterly Closed Public Hearing on HJR 43, will defer further testimony for today.

**WORK SESSION HB 3050
TAPE 107, SIDE B**

- 046 Chair Shetterly For the record, Tom Gallagher on behalf of the Newspaper Publishers' Association who previously testified as undecided, is now not opposed to the bill and there is no opposition on the bill.
- 050 Rep. Williams **MOTION: MOVED HB 3050 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**
- ROLL CALL: MOTION PASSED 6-0-3**
REPRESENTATIVES VOTING AYE: Hass, Hopson, Scott, Verger, Williams, Chair Shetterly. EXCUSED: Barnhart, Berger, Farr.
- Rep. Verger will carry the bill.**
- 055 Chair Shetterly **REQUESTED UNANIMOUS CONSENT TO TEMPORARILY RETURN TO WORK SESSION ON HB 3050 FOR THE PURPOSE OF ALLOWING REP. FARR TO VOTE.**
- ORDER: HEARING NO OBJECTION SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REPS. BARNHART AND BERGER, EXCUSED)**
- REPRESENTATIVE FARR HOW DO YOU VOTE ON HB 3050.**
- 061 Rep. Farr Aye.
- FINAL VOTE: MOTION PASSED 7-0-2.**
REPRESENTATIVES VOTING AYE: Farr, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly. EXCUSED: Barnhart, Berger.

OPENED PUBLIC HEARING ON HB 3377 AND HB 3399

- 066 Meyer Provided background on HB 3377 and HB 3399.

063	Craig Smith	Spoke in support of HB 3399, even though it would require further reductions to their budget, Chemeketa Community College Board also voted unanimously in favor of the bill. If don't support this bill is there a public policy reason for the disparity in funding per community? Taxes are input for the public good, do not receive services based on taxes paid, but based on public policy.
120	Pres. Barber	Spoke in opposition to HB 3399. No statutory support for moving 100% of property tax into the formula; it circumvents ORS 341 which speaks to local control. There is no statute or policy defining, promoting or requiring the shift from local control.
162	Stephen Kreidelbaugh	Spoke in favor of HB 3377, (Exhibit 18), provides more stable base for community college operation; removes dependence on the FTE as the largest funding element. Discussed huge sense of frustration amongst community college boards and presidents, about what is going on in system. Frustration revolves around issue of stability. Welcomes state's intrusion in funding formula, would encourage significant representation from intelligent, well-meaning and thoughtful Oregonians to look at how system should be funded.
238	Kreidelbaugh	Spoke in opposition to HB 3399. for same reasons supported HB 3377 citing issues of stability and local control.
250	Richard Levine	Spoke in opposition to HB 3399, and in favor HB 3377. Discussed tuition differential and local option.
323	Cam Preis Braly	There is wide disagreement on any funding formula. Reminded the Committee that there is a Committee of Presidents and the State Board that is working on a new formula for the future, suspending the current formula. See these bills as hindrances to forming the perfect formula.
350	Chair Shetterly	Inclination to use work group for legislative input.
376	Chair Shetterly	Closed Public Hearing on HB 3377 and HB 3399.
379	Chair Shetterly	Meeting adjourned at 10:28 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Martin-Mahar, "Staff Measure Summary HB 3129", 1 page
2. Martin-Mahar, "Revenue Impact HB 3129", 2 pages
3. Martin-Mahar, "Income Tax Federal Deductions", 17 pages
4. Schweinhart, "Testimony HB 3129", 2 pages
5. Rep. Merkley, "Education Funding HJR 43", 9 pages
6. Sen. Harper, "HJR 43 -1 Amendment", 2 pages
7. Hainley, "Testimony HB 3129", 11 pages
8. Hainley, "CASA of Oregon, Status Report, Spring 2003", 2 pages
9. Ortiz, "Testimony HB 3129", 1 page
10. Perry, "Testimony HB 3129", 4 pages
11. Kenny, "Testimony HB 3129", 1 page
12. Graine, "State Efforts to Increase and Stabilize Energy Supply", 2 pages

13. Graine, "Testimony HB 3129", 6 pages
14. Henry, "Testimony HB 3129", 3 pages
15. Freeman, "Testimony HB 3129", 6 pages
16. Mann, "Testimony HB 3129", 3 pages
17. Blevins, "Testimony HB 3129", 1 page
18. Kridelbaugh, "Testimony HB 3377", 2 pages
19. Snoddy, "Written Testimony HB 3129", 1 page
20. Donovan, "Written Testimony HB 3129", 1 page
21. Taylor, "Written Testimony HJR 43", 1 page
22. Malik, "Written Staff Measure Summary HB 3050", 1 page
23. Carreon, "Written Testimony HB 3377 and HB 3399"