

HOUSE REVENUE COMMITTEE
JULY 28, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson

Witnesses Present: Jim Carlson, Oregon Health Care Association
Ruth Gulyas, Oregon Alliance of Senior and Health Services
Brett Salmon, Oregon Healthcare Association
Cathy Cooper, Seniors and People with Disabilities
Julia Huddleston, Department of Human Services, (DHS)
Laurie Wimmer-Whelan, Oregon Education Association
Lyn Lundquist, Oregon Business Association, (OBA)
Mike Grainey, Oregon Department of Energy

Staff Present: Paul Warner, Legislative Revenue Officer
LizBeth Martin-Mahar, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Kathy Tooley, Committee Assistant

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

OPENED WORK SESSION ON HB 2182

010 Chair Shetterly Discussed -6 amendments, (Exhibit 1).

019 Jim Carlson Provided overview of major components of -6 amendments HB 2182, (Exhibit 2); and an analysis of states currently using the funding mechanism to fund nursing facility care, "State Medicaid Voluntary Contribution Programs", (Exhibit 3).

051 Carlson Discussed Section 13 (5), (Exhibit 2).

080 Carlson Discussed Section 19 and sunset provisions, (Exhibit 2).

093 Carlson Discussed Section 31, (Exhibit 2).

109 Carlson Discussed Sections 21-30, (Exhibit 2).

116 Ruth Gulyas Underscored the points of agreement on the reimbursement methodology in statute. The provider tax will go along way in helping nursing homes offset the disparity between the Medicaid reimbursement rate and the actual cost to provide quality care. Paraphrased written testimony (Exhibit 4). Supports the

		nursing facility assessment tax and concurred with points made by Carlson.
150	Chair Shetterly	Including the statutory reimbursement methodology in Section 13(5)?
151	Gulyas	Answered affirmatively.
157	Brett Salmon	Described the revenue impacts to the general fund and the dedicated funds in the Nursing Facility Quality Assurance Fund.
187	Cathy Cooper	For the record, provided comments on the -6 amendments. DHS is undergoing legal review of -6 amendments. Working with the Alliance and OCHA to achieve resolution on one area where the DHS has strong concerns regarding re-basing as identified in Section 13 (5). Said re-basing is part of Administrative Rules and no other area within DHS has a statutorily guaranteed reimbursement methodology.
213	Chair Shetterly	How do you respond to Carlson's corollary statement that there is no other provider that has come forward and asked to be assessed?
222	Julia Huddleston	At this point the executive branch does have strong concerns.
226	Chair Shetterly	Asked if Cooper or Huddleston knew the legal issues and timing.
230	Huddleston	Legal review involves Department of Justice, (DOJ), and a Washington, D.C.-based law firm who work with Centers for Medicare and Medicaid Services on provider reimbursement issues. Asked DOJ to resolve largest outstanding questions regarding the bill, such as waiver mechanisms and that the law firm is comfortable with the language of the statute.
252		Discussion regarding acronyms, CMS (Center for Medicare and Medicaid Services), and CFR (Code of Federal Regulations).
265	Carlson	Regarding the legal review, felt technical issues would be addressed quickly. The payment methodology portion, is a policy question for the Legislature, discussed desire for guarantee in contract.
302	Rep. Berger	Regarding state programs, how many are statutory and how many are by rule?
307	Carlson	As relates to setting up the funding mechanism, all are statutory, some have payment methodology included in the statute; discussed CMS preferences for inclusion in the statute. Oregon described as historically not a trustworthy partner to do business with.
360	Laurie Wimmer-Whelan	OEA has recommended several of the items found in the -3 amendments, but is less enthusiastic about across the board cuts than targeted cuts or phased out exemptions. OEA believes it is possible to raise another \$750 million in revenue. Suggested review of mortgage interest deductions for higher income; property tax deductions for non-primary residents for phase out; property tax exemptions for commercial buildings and pleasure boats. Department of Revenue (DOR) estimates legislation to limit corporate sheltering activity could result in \$162 million for the 2003-05 biennium.
429	Lyn Lundquist	Discussed areas of consideration regarding economic impacts. Opposed freezing the standard deduction and personal exemption; supported the corporate minimum and a reduction in corporate credits. OBA believes in an across the board reduction in itemized deductions rather than decreasing individual deductions.

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038	Rep. Hass	Instead of reducing the personal exemption by \$15 and freezing it, OBA prefers a phase out at the higher end?
043	Lundquist	Answered affirmatively.
050	Chair Shetterly	You described the personal exemption as surprisingly progressive, is that correct?
054	Paul Warner	Itemized deductions are distributed more toward higher income; personal exemption credits are tilted toward higher income.
065	Rep. Barnhart	Asked Lundquist to elaborate regarding OBA support of the proposal concerning a reduction in corporate excise tax credits.
070	Lundquist	This was included in an earlier package OBA put together. Explained the business community needs to pay its fair share and reduce the credits.
080	Mike Graine	Addressed the two energy tax credits in Sections 19-22, cited a deferral in the bill for 2003-05 and the opportunity to recapturing those tax credits, as a reasonable approach which would allow support of the programs.
103	Chair Shetterly	Meeting adjourned at 9:15 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Chair Shetterly, "HB 2182-6", 13 pages
2. Carlson, "Major Components of -6 Amendment HB 2182", 4 pages
3. Carlson, "State Medicaid Voluntary Contribution Programs", 3 pages
4. Gulyas, "Testimony on HB 2182", 2 pages
5. United for Quality Care, "Written Testimony", 1 page

HOUSE REVENUE COMMITTEE
JULY 28, 2003 2:00 PM STATE CAPITOL BUILDING

Members Present: Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson

Members Excused: Representative Lane Shetterly, Chair
Representative Max Williams

Witnesses Present: Marcia Kelley, Women's Rights Coalition
Bobby Green, Lane County Commissioner

Staff Present: Paul Warner, Legislative Revenue Officer
Mazen Malik, Legislative Revenue Office
Kathy Tooley, Committee Assistant

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004 Vice Chair Scott Calls meeting to order at 2:10 p.m.

OPENS PUBLIC HEARING ON HB 2182

016 Marcia Kelley Expresses concern that this plan is not enough and discusses the needs of Oregonians.

RECESSES MEETING

RECONVENES MEETING

065 Bobby Green Testifies in support of HB 2182 and asks that the new revenue from beer and wine taxes be dedicated to addressing the local impact of alcohol addiction and abuse. Refer to verbatim written testimony (Exhibit 1).

115 Rep. Hass Asks if there is an incongruity between advocating for addiction treatment and advocating for expanded lottery line games.

125 Green Responds that he is advocating a direct use of funds for the addiction associated with it.

134 Rep. Hass Asks if the answer for people with gambling problems is more gambling.

135 Green Responds that he wouldn't advocate more gambling, but he would advocate that the state maintain the agreement with local governments to use the money for treatment.

142 Vice Chair Scott Meeting adjourned at 2:20 p.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Green, "Testimony HB 2182", 2 pages
2. Oregon Center for Public Policy, "Issue Brief: \$15 Means More to Low-Income Families than \$145 Means to Phil Knight", 1 page