

SENATE REVENUE COMMITTEE
FEBRUARY 11, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Tony Corcoran
Senator Charlie Ringo
Senator Bruce Starr

Members Excused: Senator Lenn Hannon

Witness Present: Mike Osborne, Beaverton School District
Dawn Bonder, Beaverton School District
Carolyn Ortman, Hillsboro School District
Patti McLeod, Hillsboro School District
Jeannette Launer, Association of Oregon Redevelopment Agencies
Ray Erland, Clackamas County Department of Assessment & Taxation
Robert Vroman, Clackamas County Department of Assessment & Taxation
Dr. Paula Radich, Newberg School District
Peggy Lynch, Corvallis Resident
Ozzie Rose, Confederation of Oregon School Administrators
Laurie Wimmer Whalen, Oregon Education Association
David Williams, Oregon School Employees Association

Staff Present: Paul Warner, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 26, SIDE A

003 Chair Deckert Calls meeting to order at 1:41pm as a subcommittee.

OPENS PUBLIC HEARING ON SB 87, SB 88, SB 89

019 Sen. Ringo Briefly introduces SB 87, SB 88, and SB 89 and explains the problem they address.

043 Mike Osborne Testifies in support of SB 87, SB 88, and SB 89. Discusses enrollment growth in Washington County, the need for additional financial tools to keep up with this growth, and how SB 87, SB 88, and SB 89 address this problem. Exhibit 1.

152 Dawn Bonder Testifies in support of SB 87, SB 88, SB 89, giving first-hand experience of overcrowding in the Beaverton School District and lack of funds to make up for this growth. Exhibit 2.

198 Quorum Formed.

242 Sen. Ringo Asks what Beaverton School Districts building plans are for the next decade.

247 Osborne Responds that Beaverton School District needs to open a school a year and are trying to acquire land. States that they are behind in building plans.

275 Sen. Ringo Asks how businesses in the district are responding to the situation in the schools.

- 287 Osborne Responds that businesses are noticing that the schools aren't performing well and that existing businesses are considering moving to Vancouver and potential businesses are locating elsewhere.
- Discussion follows.
- 303 Sen. Deckert Asks why Beaverton can't just bond for more money.
- 309 Osborne Responds that the resistance for the local option has increased and that Beaverton citizens are aware of the inequity of the school system across the state.
- Discussion follows.
- 347 Carolyn Ortman Testifies in support of SB 87, SB 88, and SB 89 because it equalizes the funding across school districts. Discusses growth in Hillsboro School District and the increased costs that they have been forced to absorb. Reminds members of a formula change during the last session that helped small or remote schools. Exhibit 3.

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- 035 Patti McLeod Testifies in support of SB 87, SB 88, and SB 89 because it helps those districts whose growth has helped school funding statewide but has not benefited their own schools. Exhibit 4.
- 075 Sen. Ringo Asks about Hillsboro's construction plans.
- Discussion follows.
- 091 Sen. Ringo Asks about high tech industry in Hillsboro.
- Discussion follows.
- 112 Jeannette Launer Testifies against SB 87 because it would curtail the potential of new urban renewal plans and would have a negative affect on existing urban renewal plans. Exhibit 5.
- 165 Ray Erland Testifies against SB 87 because of increased administrative and programming costs. Exhibit 6.
- 181 Robert Vroman Testifies against SB 87 because it creates more complexity in the urban renewal calculations. Exhibit 6.
- 239 Erland Discusses that many property owners would see tax increases if SB 87 were passed as written. Exhibit 6.
- 253 Sen. Ringo Asks if they believe there is a way to fix the bill to prevent increases in property taxes.
- 260 Vroman Responds that he is doubtful.
- Discussion follows.
- 323 Paula Radich Testifies against SB 87, SB 88, and SB 89 because it penalizes districts that carefully manage their growth, are losing enrollment, and have static enrollment. Recommends using the Washington State model of construction funding.

TAPE 26, SIDE B

- 017 Sen. Ringo Asks how much money Portland Public Schools should send to the rest of the state.
- 020 Radich States that she doesn't have a number but that the Legislature needs to look at the state as a whole or they will create further inequities.
- 024 Sen. Ringo Asks if Radich has suggestions for high growth problems in urban areas.
- 026 Radich Responds that Newberg is in the same situation as Beaverton with the need to build four more schools in the next 20 years and that the solution is the establishment of a state school construction fund similar to Washington.
- Discussion follows.
- 033 Sen. Ferrioli States that he takes exception to Sen. Ringo's questioning because the export of tax dollars from Portland to other parts of the state comes about from the devastation of the rural economy due to public policy.
- 063 Sen. Ringo States that he disagrees with Sen. Ferrioli's cause for rural Oregon's economy but that he thinks the members need to solve the problems facing all communities and asks Sen. Ferrioli to help explore solutions to the problems facing his community.
- 080 Peggy Lynch Testifies tentatively in support of SB 89 because high growth schools need help with operating costs. Testifies against SB 87 and SB 88 because Oregon can't afford another cost out of current insufficient revenues for schools. Recommends allowing citizens in local communities where high growth is occurring to levy Systems Development Charges (SDCs). Exhibit 7.
- 154 Ozzie Rose States that the Legislature shouldn't take away operational funding for capital funding. Testifies that the Legislature needs to look at the entire state, not just the corridor communities and recommends looking at a statewide levy with matching funds.
- Questions and answers interspersed.
- 346 Laurie Wimmer Whalen Testifies against SB 87 because it decreases operating revenues for districts without the special treatment, affronts the concept of local control, and makes districts suffer greater cuts in order to subsidize Hillsboro and Beaverton. Exhibit 8.
- Questions and answers interspersed.
- 393 David Williams Testifies against SB 87, SB 88, and SB 89 because they are only a partial solution to a problem facing all of Oregon's K-12 school districts and they dilute education funding by utilizing operational funds for capital construction. Recommends allowing SDCs. Exhibit 9.
- 412 Sen. Deckert Adjourns meeting at 3:03 pm.

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 87, SB 88, SB 89, Mike Osborne, Written Testimony, 3pp.
2. SB 87, SB 88, SB 89, Dawn Bonder, Written Testimony, 3pp.
3. SB 87, SB 88, SB 89, Carolyn Ortman, Written Testimony, 2pp.
4. SB 87, SB 88, SB 89, Patti McLeod, Written Testimony, 1p.
5. SB 87, Jeannette Launer, Written Testimony, 1p.
6. SB 87, Ray Erland and Robert Vroman, Written Testimony, 1p.
7. SB 87, SB 88, SB 89, Peggy Lynch, Written Testimony, 1p.
8. SB 87, Laurie Wimmer Whelan, Written Testimony, 1p.
9. SB 87, SB 88, SB 89, David Williams, Written Testimony, 1p.
10. Steve Meyer, School Formula Revenue Summary, 7pp.
11. Paul Warner, Western States' Tax Burden Fiscal Year 1999-2000, 17pp.