

SENATE REVENUE COMMITTEE
FEBRUARY 26, 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

Witnesses Present: Edie Kessel, Oregon State Treasury
Darren Bond, Oregon State Treasury
Kate Richardson, Oregon State Treasury

Staff Present: Richard Yates, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 44, SIDE A

003 Chair Deckert Calls meeting to order at 1:05pm.

OPENS PUBLIC HEARING ON HB 2133

010 Richard Yates Explains HB 2133 which requires the Department of Transportation, rather than the Treasury to transfer funds relating to certain fuel tax refunds to the Department's Operating Fund, clarifies time period for appointment of a bank or trust company for payment of debt services, and requires Treasurer and state agencies to agree on interest rate. Exhibit 1.

022 Edie Kessel Testifies in support of HB 2133 because it clarifies the existing statute and results in more cost effective management of fiscal agent contracts. Discusses each section in detail. Exhibit 2.

CLOSES PUBLIC HEARING ON HB 2133

OPENS WORK SESSION ON HB 2133

064 Sen. Starr MOTION: MOVES HB 2133 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

071 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS ANSWERING AYE: CORCORAN, FERRIOLI, DECKERT, STARR. SENATORS EXCUSED: HANNON, RINGO. Sen. Starr will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON HB 2133

OPENS PUBLIC HEARING ON HB 2134

078 Yates Explains HB 2134 which deletes wording that could be confused and requires the Department of Administrative Services to determine the appropriate method of payment or transfer. Exhibit 3.

089 Darren Bond Testifies in support of HB 2134 because it clarifies existing language in ORS 291.001. Exhibit 4.

CLOSES PUBLIC HEARING ON HB 2134

OPENS WORK SESSION ON HB 2134

109 Sen. Corcoran MOTION: MOVES HB 2134 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

113 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 5-0-1. SENATORS ANSWERING AYE: CORCORAN, FERRIOLI, DECKERT, STARR, RINGO. SENATOR EXCUSED: HANNON. Sen. Ringo will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON HB 2134

OPENS PUBLIC HEARING ON 2135

120 Yates Explains HB 2135 which defines the General Funds to include payments into those funds or accounts specifically established in law as funds or accounts in the General Fund, makes payments into all other funds or accounts separate and distinct, continuously appropriates moneys in trust funds to the agency administering the trust, revises procedures for registering warrants if General Fund is exhausted, clarifies authority of Treasurer to pay moneys out of State Treasury, and specifies circumstances under which Treasurer may require agency to stop issuing payment obligations. Exhibit 5.

140 Bond Gives background of HB 2135. Discusses each section in detail and testifies in support of HB 2135 because it fixes inconsistencies in the statutes dealing with the definition of the General Fund, clarifies and modernizes the language dealing with the process put in place should the State run out of money and be unable to pay General Fund warrants, clarifies the language dealing with the Treasurer's authorization, provides the Treasurer authority to revoke an agency's ability to issue payment items, and gives the Treasurer the authority to deal with agencies overdraft accounts. Exhibit 6.

Clarifying questions and answers interspersed.

320 Sen. Deckert Asks if the Treasury currently follows the procedures in section 10.

330 Bond Responds affirmatively.

336 Sen. Ferrioli Asks about the purpose of overdraft charges.

348 Bond Responds that an overdraft is an unauthorized interfund borrowing and that they have to issue an interest charge to compensate the agencies borrowed from.

Discussion follows.

380 Sen. Ferrioli Asks if this bill gives the State Treasury the authority to transfer money from dedicated funds.

406 Bond Responds that this wouldn't give the Treasury the authority to go into the General Fund or funds that have legal restrictions.

Discussion follows.

421 Sen. Ferrioli Asks where the Treasury goes if there is no money in the General Fund.
429 Bond Responds that the Treasury would then go to the Legislature.

Discussion follows.

TAPE 45, SIDE A

003 Sen. Ferrioli Asks if the bill gives the Treasury the authority to borrow from other agencies funds to cover overdraft charges.

006 Bond Responds that this bill doesn't do that, but that they already have the authority to.

028 Sen. Ringo Asks if there are some circumstances for revoking a check that aren't addressed in the bill and if the Treasury should be given broader authority.

039 Bond Responds that they tried not to make it so broad that agencies would be scared to write checks and testify against the bill.

Questions and answers interspersed.

068 Sen. Deckert Asks if any agencies expressed opposition.

070 Bond Responds that there were a few questions, but they were all answered.

075 Sen. Starr Asks if there is a rationale that led to the statute requiring three constitutional officers and why it is being changed to two.

085 Bond Responds that he doesn't know why it was that way, but that their rational is they don't want to have an outlier hold back the process because they don't understand the implications.

103 Sen. Deckert Asks if there has been any situation where agencies couldn't pay their bills.

105 Bond Responds that Oregon has not had to issue warrants before and that the only case he is aware of was in California 10 years ago. States that Oregon is as close as it has ever been to being in this situation.

Discussion follows.

127 Sen. Ringo Suggests that it isn't a good idea to eliminate one constitutional officer because during such difficult times all of the top officers of the State should be on board.

136 Bond Responds that the worst thing that could happen was if one of the officers didn't agree because the warrants would still be returned, just not as orderly and without interest.

Discussion follows.

192 Kate Richardson Responds that it is a protection for the people because it allows it to be handled in an orderly manner and is interest bearing. States that it would make a bad situation much worse if one person held out for whatever reason.

231 Sen. Ferrioli Asks it the Treasury looked at the history of the statute that says the three need to be unanimous.

235 Bond Responds negatively.

Discussion follows.

- 254 Sen. Ferrioli Argues that in a doomsday scenario, although the issuing of warrants is necessary and should be automatic, the three top officers of the state should be in agreement.
- 310 Sen. Starr Agrees with Sen. Ferrioli.
- 313 Sen. Deckert Asks about the circumstances of the California situation in regards to the constitutional officers.
- 314 Bond Responds that he doesn't know.

CLOSES PUBLIC HEARING ON HB 2135

OPENS PUBLIC HEARING ON HB 2136

- 329 Yates Explains HB 2136 which clarifies maturity date restrictions relating to certain investments by local governments. Exhibit 7.
- 337 Bond Testifies in support of HB 2136 because it clarifies conflicting language. Exhibit 8.

CLOSES PUBLIC HEARING ON HB 2136

OPENS WORK SESSION ON HB 2136

- 366 Sen. Ringo MOTION: MOVES HB 2136 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
- 373 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 5-0-1. SENATORS ANSWERING AYE: CORCORAN, FERRIOLI, DECKERT, STARR, RINGO. SENATOR EXCUSED: HANNON. Sen. Ferrioli will carry the bill on the Senate Floor. Placed on the consent agenda.
- 382 Sen. Deckert States that Sen. Starr will take the lead on fixing HB 2135.
- 385 Sen. Deckert Adjourns meeting at 1:58pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. HB 2133, Richard Yates, Staff Measure Summary, 1p.
2. HB 2133, Edi Kessel, Written Testimony, 3pp.
3. HB 2134, Richard Yates, Staff Measure Summary, 1p.
4. HB 2134, Darren Bond, Written Testimony, 1pp.
5. HB 2135, Richard Yates, Staff Measure Summary, 1p.
6. HB 2135, Darren Bond, Written Testimony, 2pp.
7. HB 2136, Richard Yates, Staff Measure Summary, 1p.
8. HB 2136, Darren Bond, Written Testimony, 8pp.