

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

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

Invited Witness Present: Randall Edwards, Oregon State Treasurer

Witnesses Present: Fred Hansen, General Manager, Tri-Met  
George Passadore, President, Tri-Met Board  
Mike Salsgiver, Portland Business Alliance  
Lynn Lundquist, President, Oregon Business Association  
Randall Thom, CEO, Bio Reaction Industries  
Baltazar Ortiz, CEO, Ortiz & Associates  
Tom Brian, Washington County Commissioner  
Linda Lynch, Lane Transit District Board  
Pat Hocken, Lane Transit District Board  
Bob Shiprack, Oregon State Building and Construction Trades Council  
Jeff Carlson, Iron Workers Union Local 29  
Marc Anderson, International Brotherhood of Electrical Workers Local 125  
Mary Lou Ritter, Washington County Dept. of Aging and Veteran's Services  
Roger Martin, Oregon Transit Association  
Bill Perry, Oregon Restaurant Association  
Tom Gallagher, Urban Developers Coalition

Staff Present: Lizbeth Martin-Mahar, Legislative Revenue Office  
Paul Warner, Legislative Revenue Office  
Tara Lantz, Committee Assistant

**TAPE 58, SIDE A**

003	Chair Deckert	Calls meeting to order at 1:07pm
010	Randall Edwards	Discusses the reasons for the drop in Oregon's financial ratings. Gives recommendations on how to improve them in the future. Exhibits 1-3.
091	Sen. Ringo	Asks if a downgrade means that the raters see a risk of default on a bond.
093	Edwards	Responds that they don't believe Oregon would default on a bond and that they see the financial integrity of the state in many facets.
098	Sen. Deckert	Asks if Edwards would comment on the media's views on Oregon's policies.
112	Edwards	Gives history of the last time Oregon was downgraded. States that this downgrade is really about the perceptions of how the state manages its finances. Discusses several factors over the last decade that have come to a head in the last week with the continuing downfall of state revenue and recommends looking at new revenue options.
146	Sen. Corcoran	Discusses a letter from a constituent who complained about the media

downplaying the cumulative factors that have led to the downgrade in ratings and the need to educate the public on the policies that have put Oregon in this situation.

OPENS PUBLIC HEARING ON SB 549

- 204 Lizbeth Martin-Mahar Explains SB 549 which increases the maximum payroll tax rate for mass transit districts by .1 percent, phased in over 10 years at .01 percent a year. Exhibit 4. Discusses revenue impact. Exhibit 5.
- 226 Fred Hansen Gives background on TriMet and discusses the service area. Exhibit 6.
- 274 Hansen Discusses the LIFT program for the frail, elderly, and disabled.
- 291 Hansen Discusses the growth in ridership.
- Questions and answers follow.
- 311 Hansen Discusses the environmental benefits of TriMet.
- 344 Hansen Discusses bus system improvements and the transit tracker.
- 387 Hansen Discusses rider demand and regional expectations.
- 408 Hansen Discusses new federal funding for 2003-2009 and how SB 549 will enable the TriMet to obtain federal dollars.

**TAPE 59, SIDE A**

- 020 Hansen Explains the productivity improvement project.
- 034 Hansen Discusses the current payroll tax and how SB 549 would affect it. Discusses their projected revenues.
- 063 Hansen Stresses the importance of SB 549 in making federal funding available to TriMet.
- 067 George Passadore Explains that SB 549 is intended to help them through the current recession but rather to plan for future growth. States that they have found universal support for the concept of a payroll tax from the business community and have made the commitment to use the authority to increase the tax rate only when the economy is improved. Refer to written testimony. Exhibit 6.
- 138 Sen. Deckert Asks if they have a percentage for the average employer.
- 141 Hansen Responds that they have calculated them for every employer that has come to them and summarizes those findings.
- 148 Mike Salsgiver Testifies in support of SB 549 for three reasons: the Alliance was impressed with TriMet's Productivity Improvement Program, they see the need for an increase in revenue for TriMet to meet their service obligations, and are pleased with TriMet's commitment to wait to implement the tax increase until the region is well into economic recovery. Refer to written testimony. Exhibit 7.
- 212 Sen. Starr Asks if the increase would be phased in until 2016 if it weren't implemented until 2006 or if the phase in would end ten years from the passing of the bill.
- 237 Hansen Responds that it would be phased in until ten years after the increase was

implemented.

- 241 Sen. Starr Asks why the bill limits the annual payroll tax increase to .02 percent when they're talking about .01 percent.
- 247 Hansen Responds that if there was a year that there was no reason to implement the increase, this would say that to make that up they could not go over .02 percent a year.
- 271 Lynn Lundquist Explains that the Oregon Business Association only gets involved in local issues except where they have statewide significance and that SB 549 has a statewide significance. Testifies in support of SB 549 because the Association agrees with the concept of using new revenues for new services and because TriMet will not impose these increases unless they have support from the business community.
- 321 Randall Thom Discusses his small startup business and testifies in support of SB 549. Explains his past frustrations with TriMet but how his experiences have proved to him that it is efficiently run and important to business in the metro area. Refer to written testimony. Exhibit 8.

#### **TAPE 58, SIDE B**

- 010 Baltizar Ortiz Testifies in support of SB 549 because the investment is worthwhile to his business and the community, it provides an essential service for low income and Hispanic people, and it is a very minor increase. Refer to written testimony. Exhibit 9.
- 053 Tom Brian Presents a packet of letters from various local governments in support of SB 549. Testifies in support of SB 549 because the regions ability to increase and sustain economic vitality and quality of life is dependent on the continued investment in transportation system.
- 114 Sen. Deckert Asks how the state became the arbitrator of local transit payroll tax fees.
- 119 Brian Responds that it goes back to when Tri-Met was formed.
- 127 Linda Lynch Testifies in support of SB 549. Discusses Lane Transit District (LTD).
- 142 Pat Hocken Discusses the services provided by LTD and future plans to expand which are dependent upon federal funds and matching dollars. Discusses the negative impact of the current recession on Lane Transit District and how SB 549 would help them maintain services during this time.
- 221 Sen. Deckert Asks if LTD has been doing outreach to the business community.
- 223 Lynch Responds that they have done outreach and that they have generally seen support. States that they have made the same pledge to the business community that they would come back to the business community before imposing a tax increase.
- 233 Hocken Discusses the history of LTD's relationship with the business community.
- 249 Bob Shiprack Discusses the unemployment rate for the members of the Building and Construction Trades Council. Testifies in support of SB 549 because it would provide employment for construction workers and contractors.
- 279 Jeff Carlson Testifies in support of SB 549 because it would create jobs for his members. Discusses the unemployment rate for the Iron Workers Union Local 29 and

his experiences using various transportation systems, pointing to the failure of Seattle to build a viable transit structure.

- 300 Marc Anderson Testifies in support of SB 549 because it would create employment for his members. Discusses the work that would be created by transit expansion.
- 347 Bill Perry Testifies against SB 549 because the hospitality industry has a low total revenue intake compared with the labor dollars spent. States that he is supportive of the idea but not a payroll tax.
- 398 Tom Gallagher Expresses concern for section 2 of the bill and how the full implementation level will be reached. Testifies in support of the concept of using the new revenues for new services but is concerned that there is nothing in the bill about it.

### **TAPE 59, SIDE B**

- 010 Bill Perry Discusses the current move in Portland to implement a payroll tax for schools and how this has created extra volatility.
- 018 Sen. Deckert Asks if the payroll tax for Portland schools is going to be voted on tomorrow.
- 019 Perry Responds that he doesn't know.
- 027 Mary Lou Ritter Testifies in support of SB 549 because transportation is critical for people who cannot drive, such as the elderly, and this bill will help to build transportation in the future to make it more accessible to these people.
- 078 Roger Martin Gives historical background of Oregon transit. Testifies in support of SB 549 because it is the least onerous tax and is important to the business community. States that all regions of the state are in support of SB 549 because when TriMet and LTD get stronger, the transportation across the whole state also gets stronger.

### **CLOSES PUBLIC HEARING ON SB 549**

- 164 Sen. Deckert Adjourns meeting at 2:40pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

### **Exhibit Summary:**

1. Randall Edwards, Standard & Poor's Oregon Rating, 2pp.
2. Randall Edwards, Moody's Investors Service Oregon Rating, 4pp.
3. Randall Edwards, Fitch Oregon Rating, 5pp.
4. SB 549, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
5. SB 549, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
6. SB 549, Fred Hansen, Written Testimony, 38pp.
7. SB 549, Mike Salsgiver, Written Testimony, 1p.
8. SB 549, Randall Thom, Written Testimony, 2pp.
9. SB 549, Baltazar Ortiz, Written Testimony, 2pp.

10. SB 549, Marcela Alcantar, Written Testimony, 1p.
11. SB 549, Carrol Lynn Jolley, Written Testimony, 1p.
12. SB 549, Tom Brian, Written Testimony, 11pp.
13. SB 549, Pat Hocken, Written Testimony, 1p.
14. SB 549, Christine Hagerbaumer, Written Testimony, 2pp.
15. SB 549, Jacob Brostoff, Written Testimony, 1p.