

**SENATE REVENUE COMMITTEE**  
**JUNE 19, 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

Witnesses Present: Representative Jeff Merkley, District 47  
Edward Schmitt, Multnomah ESD  
John Marshall, Oregon School Boards Association  
Heidi Franklin, Portland Public Schools  
Steve Novick, Department of Education  
Lynn Lundquist, Oregon Business Association  
Harvey Mathew, Associated Oregon Industries  
Jessica Stevens, SEIU Local 503  
David Williams, Oregon School Educators Association  
Barbara Rommel, David Douglas School District  
Laurie Wimmer Whelan, Oregon Education Association  
Gregg Dal Ponte, Oregon Department of Transportation  
Jean Wilkinson, Oregon Farm Bureau  
Bob Russell, Oregon Trucking Association

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

**TAPE 147, SIDE A**

004	Chair Deckert	Calls meeting to order at 1:16 pm.
009	Sen. Deckert	States that he will hold off on HB 2188 until amendments are ready.
OPENS WORK SESSION ON HB 3051 A		
018	Lizbeth Martin-Mahar	Explains HB 3051 A and discusses revenue impact. Refer to minutes from 5/20/03.
036	Sen. Ringo	Asks if part of this would go to support the Insurance Guarantees Association to cover losses if insurance companies go under.
042	Martin-Mahar	Responds affirmatively.
061	Sen. Ringo	Asks how much the assessment might be for typical auto insurance.
065	Martin-Mahar	Responds that she has not broken it down to insurance types.
078	Sen. Corcoran	MOTION: MOVES HB 3051 A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
085	Sen. Deckert	ORDER: ROLL CALL VOTE: MOTION PASSES: 6-0-0.

SENATORS ANSWERING AYE: CORCORAN, HANNON, RINGO, STARR, FERRIOLI, DECKERT.

Sen. Ringo will carry the bill on the Senate Floor.

OPENS PUBLIC HEARING ON SJR 30

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| 108 | Rep. Merkley  | Testifies in support of SJR 30-3 amendments (Exhibit 1) because it would provide a floor and ceiling for school funding and would provide stability for public schools. Discusses current problems with school funding. Refer to written testimony (Exhibit 2).  |
| 175 | Sen. Ringo    | Asks if California has a model like this.  |
| 178 | Rep. Merkley  | Responds that in California there was a citizen's initiative that resulted in a complicated system with multiple triggers and ups and downs. States that he has heard that people are glad they have the law now that the economy is so bad.   |
| 189 | Rep. Hopson   | Asks how this helps to achieve equity among poor and wealthy communities.  |
| 195 | Rep. Merkley  | Responds that Oregon has come a long way in achieving equity among schools and that with the current fiscal crisis are moving away from that. States that this would help prevent that by providing a floor.   |
| 214 | Rep. Hopson   | Asks if this is a high enough floor that any flexibility above this amount would still remain equitable.   |
| 218 | Rep. Merkley  | Responds that it would provide an average base over several years to capture a reasonable and stable reference point. States that it would help but is not a cure.   |
| 240 | Sen. Starr    | Asks about the role in the Superintendent of public education in being an economist or forecaster and if there would be a better way to do it.   |
| 251 | Rep. Merkley  | Responds that in California they left it open as to who would run the calculations which created a situation in which different people calculated the amount for the floor and then disputed with each other. States that this plan lays out a detailed way to find the calculation so there is little room to manipulate it politically and that the Superintendent seemed like a logical person. |
| 285 | Sen. Ferrioli | Discusses interim committee that determines the cost of education and the level of funding necessary and reports to the Legislature. States that determining the number is a policy decision and questions why they need another organization to add to the mix.   |
| 312 | Rep. Merkley  | Responds that this bill doesn't just give a recommendation, it creates a long-term contract with the public for school funding levels that takes a super-majority to decrease it.  |
| 336 | Sen. Ferrioli | Asks how it will bind a future legislation.  |
| 338 | Rep. Merkley  | Responds that it is a constitutional amendment that lays out that the Legislature is required to provide a certain level of funding.   |
| 347 | Sen. Ferrioli | Asserts that we have a Constitutional kicker and it doesn't keep the Legislature from changing it and that the interim committee is enough to determine the level of spending.   |

370	Sen. Ringo	Asks if this dictates certain funding and what happens if it does not happen.
384	Rep. Merkley	Responds that it is binding on the legislature and that they are obliged to meet the funding. States that he doesn't know what would happen if they didn't meet the funding floor and suggests asking counsel.
393	Sen. Ringo	Replies that in other states, the legislature has been subject to lawsuits for not meeting required levels of funding and that the courts could require the state to fund at that level.
411	Rep. Merkley	Responds that that is his understanding.

**TAPE 148, SIDE A**

003	Sen. Starr	Discusses previous funding levels and argues that k-12 has taken less of a hit than any other budget and that it has been stable over the last decade.
021	Rep. Merkley	Responds that three years in a row the spending level was exactly the same in and that in '01-'02 the level dropped.
040	Edward Schmitt	Testifies in support of the SJR 30-3 amendments because providing adequate funding is necessary for providing quality education.
061	John Marshall	Testifies in support of SJR 30-3 amendments because nobody wants to go through the budget cuts they have had to go through in the last two years and that in some point the economy will take a downturn again and they need to prepare for the stabilization of education funding.
116	Sen. Deckert	Asks if the complex language of the bill would detract from the political viability on the ballot.
125	Marshall	Responds that he doesn't know but doesn't think that it is a key factor in voter consideration.
143	Heidi Franklin	Testifies in support of SJR 30-3 amendments because it contains ideas for stabilizing k-12 funding that are worthy of consideration. Suggests looking at the minimum amount formula and discussing what goals want to be achieved and how much it costs to get there.
179	Steve Novick	Testifies in support of SJR 30-3 amendments on behalf of Susan Castillo, the Superintendent of Public Instruction. Expresses concern with the super-majority requirement. Addresses concerns regarding the calculation process. Discusses recent calculations from the Quality Education Model.
229	Harvey Mathews	Testifies in support of SJR 30-3 because it provides a mechanism to define a stable school funding level. Discusses current Constitutional requirements for the appropriation to public education.
306	Lynn Lundquist	Testifies in support of SJR 30-3 amendments because there needs to be a level of school funding at which the Legislature will not go below. Discusses the importance of education. Expresses concern that the floor could become a cap.
367	Sen. Starr	Asks if dedicating 50 percent of the general budget to public education is a good idea.
376	Lundquist	Responds that as time changes that system wouldn't work because of the changing responsibilities of the state.

396 Mathews Responds that it is a good solution with the rainy day fund, but they are lacking the definition of what stability is.

**TAPE 147, SIDE B**

002 Sen. Starr Submits that they have had a stable level of funding for schools and that any stable funding source will not be able to adequately fund schools during a recession. Points out that the Legislature has protected the K-12 budget more than any other during this recession and that they will do so in the future.

027 Sen. Corcoran Points out that a property tax dedicated to school funding is more stable than income or sales taxes. Adds that he dislikes this idea because it doesn't take other services into account.

053 Lundquist Responds that the only way to provide stability during a recession is through a rainy day fund and that this bill is only part of the package.

065 Sen. Starr Discusses the one-time revenues found in the last two years that have been used but still have not prevented budget cuts.

082 Sen. Ferrioli States that the Legislature created reserves to be saved for a rainy day and then spent them immediately so the idea that they will develop restraint is not realistic.

110 Mathews Responds that the Legislature has done a great job at continually raising the bar for K-12 funding, but that the bill deals with the real problem of providing a baseline.

123 Sen. Deckert Asks if the panel supports the -3 amendments.  
  
Affirmative nods from the panel.

126 Novick States that one budget not looked at by the Legislature has been the payments to video poker taverns.

137 Sen. Ringo Asks if Associated Oregon Industries as a group supports the amendments.

140 Mathews Responds affirmatively.

152 David Williams Testifies in support of the SJR 30-3 amendments because it provides stabilization and continues to follow the quality education model. Expresses concern that the floor may become a cap.

172 Jessica Stevens Testifies in support of the SJR 30-3 amendments because a strong educational model is vital for Oregon. States that they believe that there should be a funding floor for all services, but adds that what is needed is more revenues and suggests eliminating unnecessary tax expenditures.

192 Barbara Rommel Testifies in support of the SJR 30-3 amendments. Discusses the budget writing process in the community. Refer to written testimony (Exhibit 3).

228 Sen. Corcoran Asks how Washington funds its schools.

231 Rommel Responds that it is mostly through a sales tax and that they have a fund education first priority.  
  
Discussion follows.

242 Laurie Wimmer Testifies in support of the SJR 30-3 amendments because stability is

Whelan important. States that the first priority is to raise revenues and tax reform. Expresses concern that with this bill K-12 may be pitted against other services. States that the recommendation given by the interim committee referred to by Sen. Ferrioli (refer to tape 147, side A, meter 285) is not what is used as the floor in the Ways and Means process.

OPENS PUBLIC HEARING ON HB 2217 A

361 Richard Yates Explains HB 2217 A which modifies truck safety statutes to bring Oregon into compliance with federal law. Refer to staff measure summary (Exhibit 5).

**TAPE 148, SIDE B**

005 Gregg Dal Ponte Offers support and provides description for HB 2217 A. Refer to written testimony (Exhibit 6). Discusses opposition from the farmers and introduces the -A3 amendments (Exhibit 7) which suggests that all law enforcement agencies should follow the general guidance contained in the commercial vehicle safety plan prepared by ODOT and use it to direct their efforts.

061 Jean Wilkinson Testifies in opposition to HB 2217 A because it could require farmers to add new equipment even though they are involved in very few accidents. States that if the bill is going to pass, the Farm Bureau would ask for the -A3 amendments because it provides them reassurance.

085 Sen. Hannon Asks what is reassuring about the -A3 amendments.

094 Wilkinson Responds that the safety plan looks at where in the state and what trucks are causing accidents and prioritizes where inspections should take place based on that data.

111 Sen. Hannon Asks if Dal Ponte is okay with the amendment.

114 Dal Ponte Responds affirmatively.

123 Sen. Hannon Asks for clarification on the -A3 amendments.

Discussion follows.

OPENS WORK SESSION ON HB 2217 A

141 Sen. Hannon MOTION: MOVES HB 2217-A3 AMENDMENTS DATED 6/4/03 BE ADOPTED.

145 Sen. Starr ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: FERRIOLI, DECKERT.

155 Sen. Hannon MOTION: MOVES HB 2217 A TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

158 Sen. Starr ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS EXCUSED: FERRIOLI, DECKERT. Sen. Hannon will carry the bill on the Senate Floor.

164 Sen. Starr Adjourns meeting at 2:50 pm.

Tara Lantz, Committee Assistant

Exhibit Summary:

1. SJR 30, Rep. Merkley, Proposed SJR 30-3 Amendments, 5pp.
2. SJR 30, Rep. Merkley, Written Testimony, 2pp.
3. SJR 30, Barbara Rommel, Written Testimony, 1p.
4. SJR 30, Steve Meyer, Revenue Impact Statement, 1p.
5. HB 2217 A, Richard Yates, Staff Measure Summary, 2pp.
6. HB 2217 A, Gregg Dal Ponte, Written Testimony, 2pp.
7. HB 2217 A, Sen. Nelson, Proposed HB 2217-A3 Amendments, 1p.
8. HB 2188, Richard Yates, Proposed HB 2188-1 Amendments, 33pp.
9. HB 2188, Richard Yates, ORS Sections Amended by HB 2188-1, 3pp.