

SENATE REVENUE COMMITTEE
JUNE 26, 2003 1:00 PM STATE CAPITOL BUILDING

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

Members Excused: Senator Tony Corcoran

Witnesses Present: Julie Suchanek, Oregon Community College Association
Rocky Dallum, Oregon School Association

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

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003 Chair Deckert Calls meeting to order at 9:08 am.

OPENS PUBLIC HEARING ON HB 3642

009 Paul Warner Explains HB 3642 which finds that the May 2003 economic and revenue forecast meets one of the conditions in the constitution for accessing the Education Stability Fund and directs the Treasurer to transfer 90% of the Education Stability Fund balance as of May 1, 2005 to the State School Fund. Explains the reasoning behind the bill. Refer to staff measure summary (Exhibit 1). Discusses revenue and fiscal impacts (Exhibits 2-3). Explains the stability fund structure (Exhibit 4).

053 Sen. Hannon Asks why the bill has an emergency clause when it doesn't take effect until 2005.

058 Warner Responds that the key date in the bill is not the effective date but the passage and signature of the Governor by July 1, 2003 so that the finding is consistent with the current biennium.

067 Sen. Hannon Asks what would prevent the 2005 assembly from passing this bill rather than do it now.

072 Warner Responds that the most current revenue forecast meets the trigger requirements to transfer the money, which may not happen in the next session. Points out that it can also be used in the '03-'05 budget.

089 Sen. Hannon Asks if this \$108 million negates the legislature from raising additional revenue and asks if there is any requirement to pay the money back.

095 Warner Responds that it does become a piece to close the gap in revenue and does play into the consideration of balancing the budget.

106 Sen. Hannon Asks if the money needs to be paid back.

107 Warner Responds negatively.

- 113 Sen. Hannon States that he cannot support this measure because it takes them off the hook of facing the responsibility of balancing the budget and takes them off the hook from the constitutional responsibility of raising revenue rather than taking funds from somewhere else with no provision to pay it back.
- 151 Sen. Ringo States that he agrees with Sen. Hannon and asks if the impact of not adopting this will make them raise an additional \$108 million.
- 165 Sen. Hannon Responds that unless there is a sense of urgency, new revenues will not be raised. States that when the stability fund was created by the citizens of Oregon, they did not know that the Legislature was going to steal the money to avoid its responsibility to raise revenues. Asserts that this Legislature is not raising revenues because of lack of leadership and that he pledges to raise revenues to balance the budget. Asks the other members to join him in doing what is right and submits that this bill exemplifies what is wrong.
- 230 Sen. Ringo Asks for the implications if this bill is not signed by July 1.
- 232 Warner Responds that if it gets into next biennium, the Constitution refers to that biennium and there wouldn't be a regular session forecast to compare and link the finding to. Points out that the Governor could declare an emergency and there was 3/5 majority support in each chamber.
- Clarifying questions and answers interspersed.
- 272 Sen. Ringo Testifies that he is prepared to not pass the bill since they can go back and change their minds later.
- 278 Sen. Ferrioli States that people see their constitutional responsibilities and acts of courage differently and that as Oregon's economy falters, courage could be seen as the willingness to protect government services and ignore the issue on why there is a high level of poverty and high unemployment. Asks why they are not connecting the economy to the goal of sustainability. Expresses concern about the creation of the stability fund, which gave the illusion of doing something long term to fund schools, but in reality was just a temporary weigh station for these dollars. Asserts that they need to look at all options available and not limiting the addition of revenue to new revenue. Insists that they need this tool at this time in order to make tougher decisions more viable.
- 410 Sen. Hannon Explains that he opposes raiding funds because he wants to see the overall picture of revenue raising before shifting revenue from other funds.

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- 001 Sen. Hannon Continues explanation.
- 048 Sen. Deckert States that he worked with the vice-chair to come up with a good revenue package and that this is one piece of it. Stresses the importance of this bill in cooperating and compromising with the House and asserts that this is one measure that should be given to them.
- 077 Sen. Hannon Responds that he respects the chair and vice-chair in coming up with a package, but that this is the easiest part of the package and that he is prepared to hold on to this until the entire revenue package is determined.
- 108 Julie Suchanek Testifies that the stability fund supports the opportunity grant program and that taking money from the fund directly impacts the amount of aid given to students.

- 119 Rocky Dallum Agrees with the community college association's position that if this bill passes, some other mechanism to fund the opportunity grant program must be found.
- 125 Sen. Ringo Expresses appreciation to the panel for their hard work on education issues during the session.

RECESSES MEETING AT 9:43 AM

REOPENS MEETING AT 3:24 PM

- 133 Sen. Deckert Adjourns meeting at 3:24 pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 3642, Paul Warner, Staff Measure Summary, 1p.
2. HB 3642, Paul Warner, Revenue Impact Statement, 1p.
3. HB 3642, Paul Warner, Fiscal Impact Statement, 1p.
4. HB 3642, Paul Warner, Education Stability Fund Structure Flowsheet, 1p.