

**SENATE REVENUE COMMITTEE**  
**August 13, 2003 9:00 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Rick Metsger  
Senator David Nelson  
Senator Charlie Ringo

Members Excused: Senator Ted Ferrioli, Vice Chair  
Senator Tony Corcoran  
Senator Lenn Hannon  
Senator Bruce Starr

Witnesses Present: Gordon Fultz, Association of Oregon Counties  
Gina Firman, Association of Oregon Community Mental Health Programs  
Bart Murray, New Directions NW  
Gil Riddell, Association of Oregon Counties  
Steve Harris, Washington County  
John Fletcher, Oregon Housing and Community Services  
Ann Uhler, Governor's Council on Alcohol and Drug Problems  
Angela Kimball, National Alliance for the Mentally Ill  
Jacqueline Zimmer, OR Assoc. Area Agencies on Aging and Disabilities  
Stephen Loaiza, National Alliance for the Mentally Ill  
Senator Bill Morrisette, District 6  
Marcia Kelley, Women's Rights Coalition  
Joe Schweinhart, Associated Oregon Industries  
Bob Castagna, Oregon Catholic Conference

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

**TAPE 166, SIDE A**

003	Chair Deckert	Calls meeting to order at 9:20 am.
OPENS PUBLIC HEARING ON HB 2152		
007	Paul Warner	Discusses the –A11 amendments (Exhibit 1) which makes some technical corrections and changes the variable discount rate for counties to 1%.
043	Sen. Deckert	Asks if the tax collectors are okay with the change in discount rate.  Nods from the Oregon Association of County Tax Collectors.
050	Gordon Fultz	Testifies in support of a beer and wine tax increase if the revenues are dedicated to fund services that prevent and treat alcoholism and drug addiction. Refer to written testimony (Exhibit 2). Provides information on mental health services at the county level in a media packet (Exhibit 3).
160	Gina Firman	Testifies in support of the increase in beer and wine taxes because it would restore funds for mental health services and jobs. Discusses the devastation that has occurred from budget cuts.
188	Bart Murray	Testifies in support of a beer and wine tax increase because funding for drug and alcohol treatment services has . Discusses women and children services

that have been cut. States that it is wrong to take this tax and use it for anything other than drug and alcohol prevention and treatment.

- 247 Sen. Nelson Asks if all of the beer tax now goes to treatment programs.
- 252 Fultz Responds that half of the tax goes to treatment now and the rest goes to the General Fund with the assumption that some treatment programs are funded by the General Fund.
- 260 Sen. Nelson States that if all the money was going to programs, it would solve the problem for the local governments.
- 270 Fultz Responds that the amount of expenditures the County has for public safety and treatment is extensive.
- 276 Sen. Nelson Asks if there is an issue with the discount rate when there is a local option.
- 291 Gil Riddell Responds that it is an issue that needs to be considered because it would be diverting local property taxes to the state and has potential for a lawsuit, although he wouldn't anticipate any.
- 311 Sen. Ringo Asks for clarification on the number of mental health employees that have been laid off.
- 315 Firman Responds that 1,800 people have been laid off in the mental health and addiction workers have been laid off.
- Discussion follows.
- 325 Sen. Ringo Asks what impact that has had on the economies in the rural communities.
- 327 Firman Responds that it has been devastating.
- Discussion follows.
- 352 Murray States that Baker City has a very high rate of unemployment and it is difficult for people to find other employment.
- 360 Fultz Refers members to the media packet on counties.
- 382 Steve Harris Testifies in support of the beer and wine tax increase because it would provide funds for mental health services and mental health jobs. Discusses the services provided by treatment centers. States that if breweries were good citizens, they would be glad to help Oregonians. Refer to written testimony (Exhibit 4).

#### **TAPE 168, SIDE A**

- 053 John Fletcher Testifies in support of the -A11 because of the inclusion of the affordable housing and farm worker tax credits.
- 079 Ann Uhler Testifies in support of the beer and wine tax increase because the cutbacks in mental health services has had a negative impact on citizens and programs, but asks that they make a change to make the new tax revenues go to the old formula for distribution. Expresses outrage that the bill creates a beer marketing fund.
- 185 Sen. Deckert Asks if Uhler feels the same outrage towards the wine marketing board.

190	Uhler	Responds affirmatively.
201	Angela Kimball	Gives personal examples of people who have been devastated from the cuts in mental health services. Testifies in support of dedicating a beer and wine tax increase to mental health and addiction services.
268	Jacqueline Zimmer	Testifies against the senior medical tax exemption reduction and asks that if they do eliminate the exemption, to increase funding for senior services. Refer to written testimony (Exhibit 5).
327	Sen. Deckert	Points out that the revenue committee cannot determine funding levels.
330	Zimmer	Responds that she is asking them to dedicate revenues from the reduction of the senior medical tax exemption to seniors and disabled.
362	Sen. Nelson	Asks if there are amendments that fix these problems.
365	Zimmer	Responds that they are working on them.
370	Sen. Deckert	States that this committee has been given a number of revenue to be raised by Ways and Means and that any change that is made is going to have to come out of the budgets.
385	Stephen Loaiza	Discusses study that showed drug and alcohol addiction as a top ten disease. Urges the legislature to dedicate funding to drug and alcohol treatment. Expresses outrage about the marketing fund.

**TAPE 167, SIDE B**

032	Sen. Morrisette	Expresses concern that the beer and wine tax in the bill is not large enough and does not honor the existing formula for distribution of beer tax receipts. Refer to written testimony (Exhibit 6).
070	Marcia Kelley	Testifies in support of the funding proposals but expresses concern over the legislative intent of the -A11 amendments because human services are also important.
100	Sen. Nelson	Asks why Kelley doesn't like the statement of policy that the taxes will go to fund k-12 schools.
105	Kelley	Responds that funding should not only be for k-12 when there are other programs for women and children that need funding as well.
114	Sen. Metsger	Points out that the legislative intent only discusses certain portions of the bill that should be dedicated to k-12 funding.
126	Kelley	Responds that she is not just advocating for the beer and wine taxes for alcohol and drug treatment and that the rest of the bill would be dedicated to k-12.
135	Sen. Deckert	States that the reason the legislative intent was put in the bill was because one member would not vote for the package if it was not included.
142	Sen. Metsger	Points out that there are many people who want dedicated funding and asks if she is advocating for not dedicating the funding.
145	Kelley	Responds affirmatively.
155	Joe Schweinhart	Testifies against the tax increases because they are damaging to the

economy. States that the Legislature needs to increase incentives for businesses to locate in Oregon.

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| 226 | Sen. Deckert | Asks for recommendations on what to cut out of the budget.  |
| 228 | Schweinhart  | Responds that they have on numerous occasions added to a list of where to make cuts and where to raise new revenues and that now the legislature needs to do something about the economy. |
| 243 | Bob Castagna | Expresses concern over the reduction in the earned income tax credit because it would take over \$9 million from people with an income of less than \$20,000.                             |
| 287 | Sen. Deckert | Recesses meeting at 10:35 am.<br><br>Meeting adjourned at 12:00 am.   |

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 2152, Sen. Deckert, Proposed HB 2152-A11 Amendments, 55pp.
2. HB 2152, Gordon Fultz, Written Testimony, 21pp.
3. HB 2152, Gordon Fultz, News Conference Media Packet, 50pp.
4. HB 2152, Steve Harris, Written Testimony, 12pp.
5. HB 2152, Jacqueline Zimmer, Written Testimony, 8pp.
6. HB 2152, Sen. Morrisette, Written Testimony, 2pp.
7. HB 2152, Judy Cushing, Written Testimony, 7pp.
8. HB 2152, Sen. Metsger, Proposed HB 2152-A10 Amendments, 2pp.