

SENATE COMMITTEE ON RULES

July 15, 2003
1:30 P.M.

Hearing Room B
Tapes 87 - 90

MEMBERS PRESENT: **Sen. Bev Clarno, Co-chair, Presiding**
 Sen. Kate Brown, Co-chair
 Sen. Jason Atkinson, Vice-chair
 Sen. Ginny Burdick, Vice-chair
 Sen. Roger Beyer
 Sen. Tony Corcoran

STAFF PRESENT: **Jim Stembridge, Committee Administrator**
 Jeana Harrington, Committee Assistant

MEASURES HEARD: **SB 916 – Public Hearing and Work Session**
 HB 2651A – Public Hearing
 HJR 18B – Public Hearing
 SB 911 – Public Hearing and Work Session
 SB 914 – Public Hearing and Work Session
 HB 3632A – Public Hearing
 HB 3631A – Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 87, A		
003	Co-chair Clarno	Calls meeting to order at 1:40 PM. Opens a public hearing on SB 916.
<u>SB 916 – PUBLIC HEARING</u>		
010	Jan McComb	Committee Administrator. Summarizes SB 916, which expands definition of members of same family for whom corporation may elect not to provide unemployment insurance coverage.
015	Sen. Frank Morse	Senate District 8. Testifies in support of SB 916. Informs of the requestors of the measure. Refers committee to page two of testimony (EXHIBIT A). Explains current law regarding qualifications of "same family." Provides account of the Blair Family.
044	Janet Blair	Oregon Country Collections Bureau, Linn County. Testifies in support of SB 916 (EXHIBIT B). Speaks on insurance exemption to corporations. Deems the definition in statute arbitrary. Believes employers need assistance.
084	Co-chair Clarno	Closes public hearing and opens work session on SB 916.
<u>SB 916 – WORK SESSION</u>		
087	Sen. Brown	MOTION: Moves SB 916 to the floor with a DO PASS recommendation.
089	Sen. Brown	Submits the written testimony of Don Schellenberg, Oregon Farm Bureau (OFB) (EXHIBIT C). Informs the committee that OFB and the Oregon Employment Department (OED) support the measure.

094

Co-chair Clarno

VOTE: 5-0-1

EXCUSED: 1 – Burdick

Hearing no objection, declares the motion CARRIED.

SEN. MORSE will lead discussion on the floor.

103

Co-chair Clarno

Closes work session on SB 916. Opens public hearing on HB 2651A and HJR 18B.

HB 2651A and HJR 18B – PUBLIC HEARING

108

Jim Stembridge

Committee Administrator. Summarizes HJR 18B, which proposes amendment to Oregon Constitution authorizing State of Oregon to incur general obligation indebtedness for specified purposes. Summarizes HB 2651A, which sets procedure for September 16, 2003, statewide special election on House Joint Resolution 18 (2003). Notes the -B5, -B6, and -B7 amendments **(EXHIBITS D, E & F)** to HJR 18B. Notes companion amendments –A4 and –A5 amendments of HB 2651A to HJR 18B **(EXHIBITS G & H)**.

134

Rep. Lane Shetterly

House District 23. Testifies in support of HJR 18B and HB 2651A. Explains how HJR 18B would amend the Oregon Constitution. Speaks on the savings incurred by the bill and use of the general obligation (GO) bonds. Reminds the committee of Special Session Six (2001) where debt instruments were utilized to balance the budget in lieu of raising taxes and cutting programs. Believes HJR 18B would give the Legislature the authority over time and emphasizes it resides only in the Legislature. Believes debt is a means that has been utilized to finance government. Understands there are amendments to HJR 18B, but prefers the bill as it is printed currently.

244

Sen. Corcoran

Remarks on the Republican history of leadership. Requests how concerns about avoiding tax reform could be alleviated.

257

Rep. Shetterly

Reiterates that debt has been part of how government has been financed and that the bill would allow for the lowest cost form of debt to Oregonians.

271

Randall Edwards

Oregon State Treasurer. Testifies in support of HJR 18B. Suggests liability to the system will exist even when the budget is balanced given the current system structure. Notes there are costs in this and future biennia. Estimates short and long-term savings. Notes the state would have refinanced earlier if the bill was enacted previously. Responds to Sen. Corcoran's comments and concurs that tax reform also must be addressed. Thinks the bill will help meet the capital and financial needs of Oregon.

334

Sen. Brown

Asks if there is a way to limit the scope of the provision.

341

Kate Richardson

Chief of Staff, State Treasury. Discusses suggested alternatives.

364

Sen. Beyer

Speaks on refinancing. Asks savings that would be incurred by refinancing a Certificate of Purchase (COP) bond with a GO bond.

380

Edwards

Estimates short and long term savings.

388

Sen. Beyer

Understands Treasurer Edwards's example uses PERS. Restates question.

396

Chuck Smith

Director of Debt Management, State Treasury. Notes the spread is around ten base points. Estimates the savings at around \$30 Million if used in the past ten years.

407

Sen. Beyer

Clarifies the estimate and asks if COP's have been refinanced.

TAPE 88, A

001	Edwards	Affirms. Deems refinancing as another tool that could allow for the best access to capital markets.
016	Sen. Beyer	Asks what rate of interest decline is considered in order to refinance.
022	Smith	Answers that in order to refinance the savings rate must be a minimum three percent of the refunding bonds.
031	Sen. Beyer	Clarifies three percent is 300 basis points.
032	Smith	Affirms.
033	Sen. Beyer	States his assumptions. Concludes the refinance would not be a great savings.
040	Smith	Responds with regard to the spread of basis points between bonds. Notes ten basis points is a great amount of money over time.
051	Sen. Beyer	Poses situation where unfunded liability is removed. Requests how the bonds would be retired.
060	Smith	Responds to the situation. Uses Public Employees' Retirement System to illustrate the possible returns on savings.
070	Sen. Beyer	Clarifies the money would not be returned earlier than twenty-four years and that investment growth would be utilized.
080	Smith	Confirms bonds would not be pre-paid.
091	Cynthia Byrnes	Explains how bonds are paid down. Notes PERS proceeds stay in PERS.
102	Sen. Corcoran	Office of the Attorney General. Responds to earlier question and suggests alternatives to limit the scope of the provision.
112	Byrnes	Remarks on the wording of an amendment. Voices concern.
121	Sen. Corcoran	Responds as to how the Supreme Court may respond to the issue.
123	Rep. Tootie Smith	Remarks.
		House District 18. Provides amendments to the bill (EXHIBITS D, E & F). Explains her concerns for the bill. Lists the changes her amendments make to HJR 18B. Voices concern for the lack of limitation, in the form of an amount, expressed in the bill. Believes the bill lacked discussion in the House of Representatives.
180	Jim Stembridge	Clarifies the -B5, -B6, & -B7 amendments were received by Rep. Smith's office.
187	Sen. Beyer	States he requested amendments that were identical to the -B6 amendments.
194	Jim Voytko	Executive Director, Public Employees' Retirement System (PERS).
205	Sen. Beyer	Informs he provided Mr. Voytko with questions prior to the meeting. Requests Mr. Voytko answer the questions.
210	Voytko	Begins discussion of the background of unfunded liability of the state to the pension system. Explains how estimates were determined and how new legislation would affect the figures.
230	Sen. Beyer	Asks how much of the figure is in the deficit accounts currently.
235	Voytko	Explains the account is a sub account of the PERS unfunded liability and related rules. Explains how the obligations to the state are considered. Addresses the question on the effect of the deficit account on the figures and believes it does not figure into the Treasurer's proposal.
250	Sen. Beyer	Requests the amount that would trigger a "call."
260	Voytko	Answers the "call" existing in statute is contingent with the length a negative amount has existed. Corrects that with a call, there may be an impact on the Treasurer's proposal. Notes that

		the probability of a call occurring has been dramatically reduced. Speaks on pension accounting practices and the state's liability. States beliefs of HB 2003 (2003).
308	Sen. Beyer	
321	Voytko	Explains the impact of HB 2003.
326	Sen. Beyer	Poses question regarding the deficit account.
336	Voytko	Answers concerning the sub-account. States he does not believe the financing decision made by Treasurer's Office bears directly on the time the zero-crediting will stay in place. Notes he will return with an exact answer.
358	Sen. Beyer	Believes that is a key question and requests he return with the answer.
363	Co-chair Clarno	Closes public hearings on HB 2651A and HJR 18B. Opens public hearing on SB 911.

SB 911 – PUBLIC HEARING

390	Judith Callens	Committee Administrator. Summarizes SB 911, which modifies the definition of overnight lodgings included in destination resort. Explains the -1 and -3 amendments to SB 911 (EXHIBITS I & J) . Notes the fiscal and revenue impacts on the amendments have not yet been received.
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TAPE 87, B

056	Linda Swearingen	Eagle Crest Resort, Redmond Oregon. Testifies in support of SB 911. Informs the committee SB 911 began as HB 3213 (2003) and passed out of the House. States an agreement has been reached with Land Conservation and Development Commission (LCDC) on the measure.
069	Jerry Andres	Chief Executive Officer, Eagle Crest, Inc. Testifies in support of SB 911 (EXHIBIT K) . Discusses the economic climate of the destination resort business. Speaks on the economy in Deschutes County. Comments on second homes and home owners. States second homes take little advantage of local services. Understands there is opposition to the measure.
132	Tom Luersen	Managing Director, Sunriver Resort. Testifies in support of SB 911 (EXHIBIT L) . Provides statistics on the economy of Sunriver and local job opportunities. States he is in favor of SB 911 without amendments. Submits SB 911-1 be moved.
175	Sen. Burdick	Speaks on vacationing. Asks if the transition is moving towards a second home subdivision.
186	Swearingen	Responds that vacationers are seeking second homes over hotels. Explains the intentions.
207	Sen. Burdick	Thinks there is a conflict with regard to tourism as the weeks are reduced in the bill.
213	Swearingen	Responds with regard to the suggestion of the reduction of weeks.
222	Sen. Burdick	Asks if it would make more sense to increase the number of weeks.
227	Swearingen	Speaks on the flexibility those seeking second homes wish to have.
234	Andres	Voices hope the economic conditions the tourism market is currently experiencing do not continue.
243	Sen. Burdick	Voices concern for the reduction of the overnight market and for the increase of rural subdivisions.
251	Luersen	Responds on the components necessary for cash flow. Notes the recommendation is far lower than the Internal Revenue Service's (IRS) determination of residency.

276	Swearingen	Informs that history has shown not the case.
286	Kristen Udvari	Attorney, Ball Janik. Testifies in support of SB 911 (EXHIBIT M). Begins discussion of the -1 amendments to SB 911 regarding overlay maps and peer review. Addresses concerns on provisions. Discusses the changes the -3 amendments make. Speaks on vacation destinations and overnight lodging. States the resorts are consistently underoccupied. Informs committee of vacation preferences. Speaks on the development rates set out by the -3 amendments. Notes the -3 amendments are a significant departure from the original bill.
409	Co-chair Clarno	Remarks.
TAPE 88, B		
003	Bob Cortright	Oregon Department of Land Conservation and Development (DLCD). Testifies in support of SB 911. Believes the -1 amendments represent a reasonable compromise.
027	Bob Rindy	DLCD. Adds that the intent of the legislation was to encourage tourism. Believes the discussion is on provisions. Notes the DLCD will watch the bill to ensure the compromise is maintained.
044	Sen. Burdick	Requests his thoughts on the separation of the overlay maps from periodic review.
050	Rindy	Answers that fewer counties are engaging in peer review. Provides history of overlay maps.
072	Carrie MacLaren	Attorney, 1,000 Friends of Oregon. Testifies in opposition to the -1 amendments to SB 911 (EXHIBIT N). Provides background information on development of destination resorts. Refers committee to past discussions of committees on destination resorts (EXHIBIT N). Notes a recent destination resort appeal.
148	Sen. Corcoran	Disagrees with earlier comments that resorts such as Black Butte have not evolved into rural subdivisions. Speaks on the land involved.
158	MacLaren	Responds concerning the determination of destination resorts. Believes there is a risk as there are not secure provisions.
192	Sen. Corcoran	Remarks.
196	Co-chair Clarno	Believes earlier remarks were intended to illustrate there was no great burden on local services.
215	MacLaren	Responds. States issues addressed by the -3 amendments, including periodic review.
264	Co-chair Clarno	Asks if the parties involved have reached a consensus.
272	MacLaren	Answers.
300	Co-chair Clarno	Closes public hearing on SB 911. Opens public hearing on SB 914.

SB 914 – PUBLIC HEARING

302	Jan McComb	Committee Administrator. Summarizes SB 914, which requires Director of Department of Consumer and Business Services or paying agent selected by director to administer supplemental temporary disability benefits in certain workers' compensation claims.
317	Rob Douglas	Oregon Self-Insured Association (OSIA). Testifies in support of SB 914. Notes parties in support of the measure.
325	Linda Jefferson	Workers' Compensation Manager, City of Portland; OSIA. Testifies in support of SB 914. Believes the bill gives additional authority to the director to determine the basic criteria the state needs to set up a claim. Notes City of Portland also supports the

365	Linda Barnd	bill. OSIA. Testifies in support of SB 914. Reiterates the bill does not affect injured workers.
385	Co-chair Clarno	States the bill will have a work session later in the meeting. Closes public hearing on SB 914. Opens public hearing on HB 3632A.

HB 3632A – PUBLIC HEARING
TAPE 89, A

001	Stephen Kafoury	Audubon Society of Portland.
013	Co-chair Clarno	Remarks.
016	Sybil Ackerman	Audubon Society of Portland. States opposition to HB 3632A and to potential amendments to HB 3632A (EXHIBITS O & P).
034	Ralph Saperstein	Boise Cascade. Testifies in support of HB 3632A.
062	Jim Geisinger	Associated Oregon Loggers, Inc. (AOL). Testifies in support of HB 3632A. Speaks on the benefits the bill would provide. Addresses issues raised by critics.
089	Co-chair Clarno	Recesses public hearing on HB 3632A. Opens work session on SB 914.

SB 914 – WORK SESSION

093	Sen. Burdick	MOTION: Moves SB 914 to the floor with a DO PASS recommendation.
097	Co-chair Clarno	VOTE: 4-0-2 EXCUSED: 2 - Atkinson, Brown Hearing no objection, declares the motion CARRIED. SEN. CORCORAN will lead discussion on the floor.
101	Co-chair Clarno	Closes work session on SB 814. Reopens public hearing on HB 3632A.

HB 3632A – PUBLIC HEARING

110	Jim Geisinger	AOL. Continues testimony. Believes Oregon should maximize the productivity of its forest land.
122	Co-chair Clarno	Remarks.
133	Ray Wilkeson	Oregon Forest Industries Council (OFIC). Testifies in support of HB 3632A. Overviews options in terms of annual timber harvest levels (EXHIBIT Q). Provides figures on revenue that could be sustainably achieved by the bill.
184	Co-chair Clarno	Remarks on the number of fires and the loss of timber.
191	Dave Ivanoff	Vice-President of Resources, Hampton Affiliates. Testifies in support of HB 3632A. Refers the committee to spreadsheet (EXHIBIT R). Speaks on the compromise that led to the implementation of the Oregon Forest Management Plan (OFMP). Addresses opposition to the bill and rebuts contentions. Concludes that the revenue impact is not overstated. Discusses potential political implications if the bill is not enacted. Notes that Hampton Affiliates is seeking out-of-state timber. Reiterates the benefits of the bill.
356	Co-chair Clarno	Remarks. Closes public hearing on HB 3632A. Opens work session on HB 3631A.

HB 3631A – WORK SESSION

381	Judith Callens	Committee Administrator. Overviews HB 3631A, which designates Forest Park and area of influence around Forest Park, including wildlife corridors connecting Forest Park to other areas of wildlife habitat, as area of substantial resource subject to inventory and protection. Summarizes –A10 amendments (EXHIBIT S).
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TAPE 90, A

010 Callens Continues. Notes fiscal and revenue statements have not been received. Adds that she does not anticipate an impact due to the – A10 amendments.

053 Co-chair Clarno Reads note from Sen. Ringo stating he supports passage of HB 3631A with the –A10 amendments.

057 Sen. Beyer **MOTION: Moves to ADOPT HB 3631A-A10 amendments dated 7/15/03.**

060 **VOTE: 5-1**
AYE: 5 - Atkinson, Beyer, Corcoran, Brown, Clarno
NAY: 1 - Burdick
Co-chair Clarno **The motion CARRIES.**

063 Sen. Beyer **MOTION: Moves HB 3631A to the floor with a DO PASS AS AMENDED recommendation.**

064 **VOTE: 4-2**
AYE: 4 - Atkinson, Beyer, Corcoran, Clarno
NAY: 2 - Burdick, Brown
Co-chair Clarno **The motion CARRIES.**
SEN. RINGO will lead discussion on the floor.

071 Co-chair Clarno Closes work session on HB 3631A. Opens work session on SB 911.

SB 911 – WORK SESSION

074 Sen. Atkinson **MOTION: Moves to ADOPT SB 911-1 amendments dated 7/8/03.**

077 Linda Swearingen Eagle Crest Resort, Redmond, Oregon. States agreement to include the reporting requirement of the -3 amendments in the -1 amendments. Explains how the parties request it be inserted in the amendment.

079 Sen. Corcoran Ensures it is only that portion of the -3 amendments.

080 Swearingen Affirms.

081 Judith Callens Committee Administrator. Specifies the change.

085 Sen. Atkinson **Withdraws motion.**

098 Sen. Atkinson **MOTION: Moves to SUSPEND the rules for the purpose of conceptually FURTHER AMENDING the SB 911-1 amendments dated 7/8/03.**

100 **VOTE: 6-0**
Co-chair Clarno **Hearing no objection, declares the motion CARRIED.**

105 Sen. Atkinson **MOTION: Moves to ADOPT SB 911-1 amendments dated 7/8/03 and that the measure be FURTHER AMENDED by inserting page six, line 25, through page seven, line ten of SB 911-3 amendments dated 7/15/03.**

112 **VOTE: 4-2**
AYE: 4 - Atkinson, Beyer, Corcoran, Clarno
NAY: 2 - Burdick, Brown
Co-chair Clarno **The motion CARRIES.**

121 Sen. Atkinson **MOTION: Moves SB 911 to the floor with a DO PASS AS AMENDED recommendation.**

124 **VOTE: 4-2**
AYE: 4 - Atkinson, Beyer, Corcoran, Clarno
NAY: 2 - Burdick, Brown
Co-chair Clarno **The motion CARRIES.**

SEN. ATKINSON will lead discussion on the floor.

127 Co-chair Clarno Closes work session on SB 911. Recesses meeting at 4:03 PM.
*****RECESS*****
129 Co-chair Clarno Reopens meeting at 5:10 PM. States the committee will meet
Wednesday, July 16, 2003. Adjourns meeting at 5:11 PM.

EXHIBIT SUMMARY

- A – SB 916, Tax hearing decision, Sen. Frank Morse, 2 pp.**
- B – SB 916, written testimony, Janet Blair, 4 pp.**
- C – SB 916, written testimony, Don Schellenberg, 1 p**
- D – HJR 18B, -B5 amendments (7/15/03), Staff, 9 pp.**
- E – HJR 18B, -B6 amendments (7/15/03), Staff, 1 p**
- F – HJR 18B, -B7 amendments (7/15/03), Staff, 1 p**
- G – HB 2651A, -A4 amendments (7/15/03), Staff, 1 p**
- H – HB 2651A, -A5 amendments (7/15/03), Staff, 1 p**
- I – SB 911, -1 amendments (7/8/03), Staff, 2 pp.**
- J – SB 911, -3 amendments (7/15/03), Staff, 15 pp.**
- K – SB 911, written testimony, Jerry Andres, 3 pp.**
- L – SB 911, written testimony, Tom Luersen, 2 pp.**
- M – SB 911, written testimony, Kristen Udvari, 4 pp.**
- N – SB 911, written testimony, Carrie MacLaren, 4 pp.**
- O – HB 3632A, written testimony, Sybil Ackerman, 4 pp.**
- P – HB 3632A amended, written testimony, Sybil Ackerman, 2 pp.**
- Q – HB 3632A, written testimony, Ray Wilkeson, 1 p**
- R – HB 3632A, chart, Dave Ivanoff, 1 p**
- S – HB 3631A, -A10 amendments (7/15/03), Staff, 4 pp.**