

**HOUSE SPECIAL SESSION COMMITTEE ON BUDGET**  
**RECONCILIATION**

February 8, 2002  
10:00 a.m.

Hearing Room F  
Tapes 1 - 3

**MEMBERS PRESENT:** Rep. Ben Westlund, Chair  
Rep. Gary Hansen  
Rep. Susan Morgan  
Rep. Kurt Schrader  
Rep. Lane Shetterly

**STAFF PRESENT:** Adrienne Sexton, Legislative Analyst  
Sue MacGlashan, Senior Legislative Analyst  
Paul Warner, Legislative Revenue Officer  
Susan Jordan, Senior Legislative Analyst  
Robin LaMonte, Senior Legislative Analyst  
Steve Meyer, Legislative Revenue Office  
Larry Niswender, Principal Legislative Analyst  
Ken Rocco, Legislative Fiscal Officer  
John Britton, Senior Legislative Analyst  
Dave Heynderickx, Legislative Counsel  
Richard Yates, Legislative Revenue Office  
Annetta Mullins, Committee Assistant

**MEASURE/ISSUES HEARD:** Adoption of Committee Rules  
Introduction of committee measures  
LC 48 - Omnibus disappropriations  
LC 58 - -2 Omnibus program changes  
LC 50 - Lottery Funds Allocations  
LC 47-2 - State School Fund  
LC 31-2 - Common School Fund transfer  
LC 83 - School Improvement Fund  
LC 32 - stores operated by OLCC  
LC 37-1 - Circuit court positions  
LC 44-2 - dental services  
LC 79 - 9-1-1 emergency communications  
LC 78 - 9-1-1 emergency communications  
LC 9001, 9002, 9003, 9004 – state financial administration  
Work Session  
HB 4011  
HB 4015  
HB 4013  
HB 5071  
HB 4012  
HB 4014  
HB 5070  
HB 4017  
HB 4016

HB 4020  
HB 4019

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.

TAPE/#	Speaker	Comments
<b>TAPE 1,A</b>		
004	Chair Westlund	Calls meeting to order at 10:20 a.m. for the purposes of organization and introduction of committee measures.
<b><u>ADOPTION OF COMMITTEE RULES</u></b>		
	Rep. Hansen	<b>MOTION: Moves to ADOPT the proposed Committee Rules (EXHIBIT A).</b>
	Chair Westlund	<b>VOTE: 5-0 Hearing no objection, declares the motion CARRIED.</b>
<b><u>COURTESIES</u></b>		
017	Chair Westlund	Introduces Tyler Lofquist, Legislative Aide and junior at the University of Oregon.
<b><u>INTRODUCTION OF COMMITTEE MEASURES – WORK SESSION</u></b>		
028	Adrienne Sexton	LFO. Reads list of LC drafts for consideration:
058	Rep. Shetterly	<b>Moves that the LC drafts as listed on the agenda be introduced as committee measures:</b> <b>LC 48 - omnibus disappropriations (introduced as HB 5070)</b> <b>LC 58-2 – omnibus program changes (introduced as HB 4014)</b> <b>LC 50 – lottery funds allocation (introduced as HB 5071)</b> <b>LC 47-2 – State School Fund (introduced as HB 4011)</b> <b>LC 31-2 – Common School Fund transfer (introduced as HB 4012)</b> <b>LC 83 – School Improvement Fund (introduced as HB 4015)</b> <b>LC 32 – stores operated by OLCC (introduced as HB 4013)</b> <b>LC 37-1 – Circuit Court positions (introduced as HB 4016)</b> <b>LC 44-2 – dental services (introduced as HB 4017)</b> <b>LC 79 – 9-1-1 emergency communications (introduced as HB 4020)</b> <b>LC 78 – 9-1-1 emergency communications (introduced as HB 4019)</b> <b>LC 9001 – state financial administration (introduced as HB 5072)</b> <b>LC 9002 – state financial administration (introduced as HB 5073)</b> <b>LC 9003 – state financial administration (introduced as HB 5074)</b> <b>LC 9004 – state financial administration (introduced as HB 5075)</b>
063	Chair Westlund	<b>VOTE: 5-0 Hearing no objection, declares the motion CARRIED.</b>
064	Chair Westlund	Explains availability of printed measures.

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.

071 Chair Westlund Recesses meeting at 10:28 a.m.  
 071 Chair Westlund Reconvenes the meeting at 12:12 p.m. and opens a work session on HB 4011.

**HB 4011 - WORK SESSION**

085 Sue MacGlashan LFO. Explains that the measure modifies the State School Fund payment schedule beginning in the 2003-05 biennium. It pays 8 1/3 percent per month by adding payments in July, September, and June.  
 Rep. Schrader Asks if school boards and administrators are okay with the bill as printed.  
 Chair Westlund Responds he has received more favorable than opposing comments and that the State Treasurer has voiced his support for it.  
 111 Rep. Shetterly Comments a group met regarding the bill and the representatives of the Department of Education spoke very well of the bill.  
 115 Paul Warner Legislative Revenue Officer. Comments that a four- and twelve-percent had been talked about as a transition and HB 4011 goes straight to the 8 1/3. That means that 8 1/3 percent of the 2003 legislative appropriation for 2003 would arrive at the districts on July 15 instead of the 16 2/3 on August 15 as in current law. The bill provides districts with 25 percent of their appropriation in the first three months of the fiscal year versus the 16 2/3 percent they get in the first three months.  
 135 Rep. Shetterly **MOTION: Moves HB 4011 to the floor with a DO PASS recommendation.**  
 135 Chair Westlund **VOTE: 5-0**  
**Hearing no objection, declares the motion CARRIED.**  
**REP. SHETTERLY will lead discussion on the floor.**  
 156 Chair Westlund Opens a work session on HB 4015.

**HB 4015 - WORK SESSION**

160 Sue MacGlashan LFO. Explains that HB 4015 would allow school districts and programs that received School Improvement Fund grants during the 2001-03 biennium to use those moneys for any purpose related to education. The \$108 million that has been received through the grant program in the school year 2001-02 would not have to be spent for those purposes listed in law. Section 2 would repeal the School Improvement Fund program for the second year.  
 173 Rep. Morgan Clarifies that this means that the schools have already received the \$108 million distributed in the November 2001 grant cycle. This bill would take away the legislative mandates on how they will use the money and they can spend the money any way they want.  
 181 Rep. Shetterly Asks if it is correct that HB 4015 repeals the School Improvement program and that it would take legislative action in 2003 to reinstate it.  
 MacGlashan Responds that Rep. Shetterly is correct. Section 2 says it is repealed July 2002.  
 188 Chair Westlund Comments there is nothing in HB 4015 that prohibits the schools from continuing the programs if they choose to do so.

- 191 Rep. Morgan Comments that if this bill goes into effect, the school will have six months of the grant cycle with no mandate on the money. Asks if it is reasonable to expect that with no mandate, it would help them transition through the two percent cut in the second year when the School Improvement grants are reduced or taken away.
- 202 Chair Westlund Comments he doesn't think the programs can just be shut down—there must be a phase out at each school's election. Believes there would be additional discretionary funds available from the first payment of \$108 million from the School Improvement Fund.
- 208 Rep. Morgan Adds that by putting the bill on the table that accelerates the first payment in the next biennium and could also be considered mitigation of the loss of the second year of the grant money by having the money available earlier to the districts.
- 217 Rep. Hansen Comments we are still talking about a \$112 million cut for the second year and that is not contained in HB 4015. This is simply the bill that releases, should the \$112 reduction occur, the schools from the mandates.
- 229 Rep. Shetterly Comments that the disappropriation is in another bill. There is nothing in this that is contingent on passage of the other bill. This is independently operative regardless of what happens to the disappropriation bill.
- 240 Rep. Morgan Agrees. States that if the \$112 million is not disappropriated they could spend the \$112 however they wish as long as it were for educational purposes.
- 244 Rep. Morgan **MOTION: Moves HB 4015 to the floor with a DO PASS recommendation.**
- 249 **VOTE: 4-1-0**  
**OBJECTION: 1 - Hansen**  
Chair Westlund **Noting objection by Rep. Hansen, declares the motion CARRIED.**
- REP. MORGAN will lead discussion on the floor.**
- 258 Chair Westlund Opens a work session on HB 4013.
- HB 4013 – WORK SESSION**
- 269 Susan Jordan LFO. Submits Revenue Statement and Staff Measure Summary **(EXHIBIT B)**. Explains that HB 4013 deletes the requirement for OLCC to close liquor stores on Sunday and allows them to sell liquor on those days and other days. It also changes the distribution formula for non-tax proceeds in excess of \$185.2 million. The first \$3 million after \$185 million is dedicated to the General Fund and then the formula goes back to the normal distribution.
- 282 Rep. Shetterly Comments that HB 4013 does not mandate liquor stores to be open on Sunday.
- 285 Chair Westlund Comments that is the intent and wants to make sure that the record reflects this is permissive, not mandatory, language and it is up to the individual liquor store operator's discretion.
- 267 Paul Cosgrove Distilled Spirits Council of the U. S. States that he agrees that the

- language is permissive and "allows" stores to stay open on Sunday. They know some stores want to stay open and some do not.
- Chair Westlund Comments that in a survey of liquor stores in Oregon about one-half would stay open on Sunday. In Bend, two would stay open and two would not. That is their choice.
- 289 Rep. Schrader Clarifies that revenue above the \$3 million would be split between General Fund and the cities and counties, and that almost one-half goes to cities and counties.
- 322 Jordan Responds that Rep. Schrader is correct.
- 325 Rep. Morgan **MOTION: Moves HB 4013 to the floor with a DO PASS recommendation.**
- 330 **VOTE: 5-0 (See following motion and vote)**  
**EXCUSED: 1 - Rep. Shetterly**  
Chair Westlund **Hearing no objection, declares the motion CARRIED.**
- REP. SCHRADER will lead discussion on the floor.**
- 336 Rep. Shetterly **MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. SHETTERLY to BE RECORDED as voting AYE on passage of HB 4013.**
- 337 **VOTE: 5-0**  
Chair Westlund **Hearing no objection, declares the motion CARRIED.**
- 338 Rep. Shetterly **VOTES AYE on passage of HB 4013.**
- 361 Chair Westlund Opens a work session on HB 5071.
- HB 5071 – WORK SESSION**
- 396 Robin LaMonte LFO. Advises members that the bill introduced was the wrong version and that the committee needs to be working off the LC 50-2 draft (**EXHIBIT C**).
- 419 Rep. Shetterly Notes that the LC draft does not delete the text of the bill. Asks if the motion should include adopting conceptual amendments (**EXHIBIT C**).
- 422 Rep. Shetterly **MOTION: Moves to ADOPT HB 5071 amendments dated 02/07/02 as CONCEPTUAL amendments to HB 5071.**
- 435 Rep. Morgan Asks if the difference in the printed bill and the LC 50-2 conceptual amendment is the numbers.
- LaMonte Explains that the numbers in the printed bill were an earlier version and that the numbers were not corrected in the updated version.
- 445 Rep. Schrader Asks if the LC 50-2 conceptual amendment is the Group of Five's proposal with updated numbers.
- 447 LaMonte Responds that Rep. Schrader is correct.
- 452 **VOTE: 5-0**  
Chair Westlund **Hearing no objection, declares the motion CARRIED.**
- 455 Rep. Shetterly **MOTION: Moves HB 5071 to the floor with a DO PASS AS AMENDED WITH THE CONCEPTUAL**

## AMENDMENTS (EXHIBIT C).

458

Chair Westlund

**VOTE: 4-1-0****OBJECTION: 1 - Hansen****Noting objection by Rep. Hansen, declares the motion CARRIED. REP. MORGAN will lead discussion on the floor.**

472

Chair Westlund

Recesses the meeting at 12:37 p.m.

**TAPE 2, B**

008

Chair Westlund

Reconvenes the meeting at 2:32 p.m. and opens a work session on HB 4012.

**HB 4012 - WORK SESSION**

014

Steve Meyer

Legislative Revenue Office. Explains HB 4012 transfers \$100 million of unclaimed property revenues from the Common School Fund. The money would go to counties by May 1 and presumably to school districts by May 15 according to other statutes. HB 4012 requires a repayment of that money by an amount of \$33.9 million from lottery revenues in each of the next four biennia. The bill also diverts some unclaimed property proceeds from the Common School Fund to the State School Fund until July 1, 2003. It is a temporary diversion and limits the diversions from that source to \$20 million through the end of this biennium.

027

Meyer

States that another component of the bill is it sets up the Economic Security Fund and specifies when money can be moved out of the fund; there are several conditions. It would transfer 25 percent of excess personal and corporate income tax moneys that might be collected above the November 30, 2001 forecast to the Economic Security Fund. The bill also declares an emergency and takes effect on passage.

03

Paul Warner

Legislative Revenue Officer. Comments that Steve Meyer laid out the two elements of the transfer from the Common School Fund. One is the \$100 million to be repaid, the other is a \$20 million diversion from unclaimed property income that would go to the State School Fund. Those dollars would be used in conjunction with the omnibus disappropriations bill to backfill General Fund State School Fund dollars for the 2001-03 biennium. The Economic Security Fund is a separate calculation from any current law. It is based on the December forecast, which was the latest release. Twenty-five percent of any unanticipated revenue above that forecast, would go into the Economic Security Fund. It would not affect any other calculations that involve excess revenue.

059

Rep. Shetterly

Comments that one concern about this proposal was the potential of a loss to the Common School Fund from the immediate sale of equities to generate the proceeds for this transfer. Explains that the bill has been amended to provide and make clear, as was always the intent that this would be done, on or before April 1, 2003. The idea is to give the Division of State Lands, the Treasurer's office, and everyone else who has a hand in administering this account flexibility in timing the sale of equities to generate the \$100 million. It can be done in piecemeal fashion or a year from now if the market has restored the losses. There

may be no loss whatsoever on the sale of the equities within the fund to generate the revenues for this loan.

Also, the amount of the payment in reimbursement to the fund reflected in Section 2, the \$33.9 million, reflects an interest rate of 7.33 percent on the \$100 million transfer. That is the rate projected by the fund managers as the forward-looking five-year blended average rate of return to the fund. This proposal was designed to match the blended rate of return to the Common School Fund.

The issue of the diversion of unclaimed property relates to some opinions received from the Attorney General's office. Believes those opinions would substantially impair the ability of the fund to distribute this money if it gets into the fund. Rather than risk that, the funds would be diverted before it gets into the Common School Fund. The intent is effectively to treat that as if it were income.

The interest on the money that will be repaid to the Common School Fund will constitute income to the Common School Fund and would be distributed as part of the income to schools in the biennia in which it is received, subject to charges and offsets against income for management.

- 103 Warner States that the section that included State Land Board and determination of income for distribution has been removed from this bill.
- 108 Rep. Shetterly Comments that Section 13 does not implicate the calculation of "the kicker."  
Warner Explains that the "kicker" would be calculated the same whether this law passes or not.
- 113 Rep. Shetterly **MOTION: Moves HB 4012 to the floor with a DO PASS recommendation.**
- 117 Chair Westlund Comments that he would like to extend a courtesy to Rep. Hansen to allow him to comment when he returns to committee after carrying a bill on the Floor.
- 122 Chair Westlund Comments on statements by Governor Kitzhaber relating to the Common School Fund.
- 141 Rep. Shetterly Comments that in the 90's the legislature and the State Land Board made a conscious decision not to distribute all the income from the fund and reinvested substantial amounts of income from the fund. Thinks the argument can be made that HB 4012 is drawing on accumulated income within the fund that was available to be distributed during the 1990's. Adds that the Attorney General's office will say it is principal because they say any income that is not distributed becomes principal; the principal is there because income did not get distributed. This would tap into that portion of the fund.
- 160 Chair Westlund Comments the numbers can be run out starting in 1992. A conscious decision was made to distribute two percent of the income, not the statutory allowable five percent.  
Warner Responds that the two percent is policy, not statutory.

- 178 Chair Westlund Asks that the committee stand at ease at 2:45 to await the arrival of Rep. Hansen.
- 178 Chair Westlund Reconvenes the meeting at 2:48 p.m.
- 179 Rep. Shetterly **Rep. Shetterly withdraws his motion on HB 4012 to allow the committee to consider the next measure.**
- 190 Chair Westlund Opens a work session on HB 4014.

**HB 4014 - WORK SESSION**

- 192 Larry Niswender

LFO. Submits HB 4014-1 amendments (**EXHIBIT D**), HB 4014-2 amendments (**EXHIBIT E**), and Revenue Impact Statement (**EXHIBIT F**). Explains that HB 4014 redirects funds from several sources, as outlined in the Revenue Statement, to assist with carrying out the rebalance plan, and that the HB 4014-2 amendments are a technical fix relating to Washington County rail project.

The first provision in the HB 4014 redirects one-half the proceeds from the sale of the Space Age Industrial Park in Boardman, which otherwise would have gone to the Cultural Trust Fund, to the General Fund.

Section 3 reduces the maximum allocation from the Administrative Services Economic Development Fund to the County Fair Account from \$1.55 million to \$1.53 million.

Section 4 authorizes expenditure of the Workers' Benefit Fund for expenditures by the Bureau of Labor relating to unlawful discrimination against injured workers.

Section 5 reduces from \$15 to \$7.5 million the maximum amount transferred from the Department of Administrative Services to the Oregon Rural Health Association.

The bill transfers \$1 million from the Law Enforcement Medical Liability Account to the Department of Human Services, and transfers \$2.5 million from the Oregon JOBS Individual Education Account to the Department of Human Services Account.

It also allows the Department of Human Services to distribute \$1.1 million out of the proceeds transferred to DHS for workers' compensation self insurance pool to allow the statutory framework necessary to carry out the intention of the 2001 legislature.

It eliminates General Fund support for Post-Secondary Education Opportunity Commission, and declares an emergency.

The HB 4014-1 amendments (**EXHIBIT D**) relate to the provisions of the rebalance plan relating to the Housing Department. An amount is transferred from one housing finance fund to the Emergency Housing Account so that funds from the reserves can be utilized.

The HB 4014-2 amendments (**EXHIBIT E**) allows funds that are used for operating a Washington County rail project to be allocated in a way that they can be used for matching funds for federal grants, which Washington County is currently not allowed to do. There is no impact on the rebalance plan.



257 Chair Westlund Explains that \$3 million of unanticipated interest in the Housing Finance Fund would be transferred to the Emergency Housing Account.

269 Rep. Shetterly **MOTION: Moves to ADOPT HB 4014-1 amendments dated 02/08/02 (EXHIBIT D).**

270 **VOTE: 4-0-1**

**EXCUSED: 1 - Hansen**

Chair Westlund **Hearing no objection, declares the motion CARRIED.**

273 Rep. Shetterly **MOTION: Moves to ADOPT HB 4014-2 amendments dated 02/08/02 (EXHIBIT E).**

279 **VOTE: 4-0-1**

**EXCUSED: 1 - Hansen**

Chair Westlund **Hearing no objection, declares the motion CARRIED.**

278 Rep. Shetterly **MOTION: Moves HB 4014 to the floor with a DO PASS AS AMENDED recommendation.**

280 **VOTE: 4-0-1**

**EXCUSED: 1 - Hansen**

Chair Westlund **Hearing no objection, declares the motion CARRIED.**

**REP. WESTLUND will lead discussion on the floor.**

The committee stands at ease momentarily.

289 Chair Westlund Reconvenes the meeting and opens a work session on HB 5070.

**HB 5070 - WORK SESSION**

290 Ken Rocco LFO. Explains that HB 5070 relates to state financial administration and includes a number of changes to agency budgets to reflect the rebalance strategy. Submits the HB 5070-2 amendments (**EXHIBIT G**). Explains that most of the amendments are technical in nature and because of the late arrival of the bill last night staff did not have enough time to make the corrections. The HB 5070-2 amendments replace the original bill.

311 Chair Westlund Compliments staff for his work and comments that HB 5070 represents a tremendous amount of work by many people. States that the bill reflects the work of the Group of Five. Comments that the provisions of the bill must pass both Floors.

346 Rep. Shetterly **MOTION: Moves to ADOPT HB 5070-2 amendments dated 02/08/02.**

359 **VOTE: 4-0-1**

**EXCUSED: 1 - Schrader**

Chair Westlund **Hearing no objection, declares the motion CARRIED.**

369 Rep. Shetterly **MOTION: Moves HB 5070 to the floor with a DO PASS AS AMENDED recommendation.**

384 Rep. Morgan Comments this is probably the most visible piece of the Group of Five's work. It represents a real and honest effort to take a look at how to deal with the revenue shortfall and still recognize the priorities that are

Oregon priorities and try to design a plan that will take state government and the citizens over the bump in the road.

Asks that everyone consider the bill in the context the state finds itself in and also consider it in the context of the alternatives that are available.

- 423 Rep. Shetterly Comments that his motion to adopt the amendment and to send the bill to the Floor in no way suggests any enthusiasm for this. Agrees this is a very difficult vote because this represents real cuts and while we are looking at dollars on the pages, we can assume the dollars have an impact on the lives of Oregonians. Adds it is important to consider this a piece of the budget reconciliation process and is one among several other bills that will mitigate the impact of some of the cuts.
- 454 Rep. Hansen Explains that it is with reluctance that he will vote no on this package. Explains that his vote no way reflects on the work of the people who put it together. It is a quality piece of work. Adds that his objection is that the cuts are simply too deep and is based on a different approach of looking harder for new revenues from other sources.
- 485 Chair Westlund Comments this is a very difficult vote and states the document is the best of the worst alternatives. Adds there are representatives in this building who want to fully fund the entire hole through revenues, temporary or long-term, but it is important to also know there are representatives and senators in the building that want to cut all \$853 million of the hole out of the budget.

**Tape 1, B  
078**

**Chair Westlund**

**VOTE: 3-1-1**  
**OBJECTION: 1 -Hansen**  
**EXCUSED: 1 - Schrader**  
**Noting objection by Rep. Hansen, declares the motion CARRIED.**  
**REP. WESTLUND will lead discussion on the floor.**

081 Chair Westlund  
**HB 4012 – WORK SESSION**

Resume the work session on HB 4012.

- 080 Chair Westlund Explains to Rep. Hansen that the committee has discussed the measure and wished to provide him an opportunity to make comments or observations.

- 097 Rep. Hansen Comments he will vote no and that HB 4012 is well-intended measure but is going in the wrong direction. Believes there are other ways to get to the shortfall on school funding.

- 121 Rep. Shetterly **MOTION: Moves HB 4012 to the floor with a DO PASS recommendation.**

- 121 **Chair Westlund**  
**VOTE: 3-1-1**  
**OBJECTION: 1 - Hansen**  
**EXCUSED: 1 - Schrader**  
**Noting objection by Rep. Hansen, declares the motion CARRIED.**  
**REP. SHETTERLY will lead discussion on the floor.**

- 099 Chair Westlund Recesses meeting at 3:19 p.m.

135 Chair Westlund Reconvenes the meeting at 6:34 p.m. and opens a work session on HB 4017.

**HB 4017 – WORK SESSION**

135 John Britton LFO. Submits Staff Measure Summary, Fiscal Impact Statement and HB 4017-1 amendments (**EXHIBIT H**). Explains that HB 4017 would allow the Department of Human Services to make a modification in the way dental services in the Oregon Health Plan are provided. Currently, dental services are within the list of services provided to both categorical and new eligible groups within the Health Plan. This bill would allow the department to modify the dental benefits to the new eligible population, non-categoricals only.

Submits HB 4017-1 amendments (**EXHIBIT H**). Explains that Section 2 of HB 4017 contains a fairly lengthy list of co-payments that are contemplated in the Oregon Health Plan waiver. The intent with the amendment is to provide services to non-categorical eligibles along the same lines as in the proposed OHP2 waiver.

Explains that the General Funds savings that were included in the Group of Five's plan were about \$6.1 million General Fund. In the department's original analysis of how much the reduction could be, it was assumed that both non-categorical and categorical dental services would be reduced by fifty percent.

178 Britton This bill would allow the department to reduce services to non-categorical eligibles. The savings of \$6.1 million, as this bill is laid out, are only possible if the proposed waiver does not go into effect in October 2002. The Fiscal Impact Statement for HB 4017 does not change with the amendment. There is a savings of about \$6.7 million shown in the Fiscal Impact Statement.

195 Rep. Schrader Asks if it is correct that the savings do not occur if the waiver goes into effect because of the expanded population being served.

196 Britton Responds that the savings that would accrue under the waiver would be used to expand the OHP2 population.

200 Rep. Schrader Asks if we can do this without talking to the federal government.

203 Britton Responds he believes the proposed change has to go through the centers for Medicare and Medicaid.

205 Rep. Schrader Asks what the likelihood is of this going through independently in October.

Britton Responds he doesn't think the likelihood is as great as the overall waiver and DHS has some concerns about that.

213 Britton Explains that the amendment contains a series of co-payments that would be in the OHP2 waiver and they do generate savings listed in the Fiscal Impact Statement, about \$6.7 million General Fund for the remaining part of the biennium.

224 Rep. Schrader Ask what the implementation date would be to realize the \$6.7 million.

Britton Responds it would be July 2002 and would continue through the biennium.

229 Rep. Schrader Asks if there should be difficulty with the waiver application, whether

- the E-Board would have to revisit this.
- 234 Britton Responds that the Waiver Advisory Steering Committee has made this proposal for the OHP standard package.
- 263 Mary Botkin AFSCME Council 75. Comments they had serious concerns with the Senate version of the bill because it excludes adult dental care. This bill addresses that concern and looks okay.
- 281 Holly Robinson Legislative Counsel. Explains that the way the way the HB 4017-1 amendments have been written, they are tied to the approval of the waiver and the waiver going into effect. If OHP2 dies because the waiver dies, this piece also dies. If the waiver gets approved, the new plan goes into effect and this would go into effect as well.
- 301 Jim Bunn Northwest Dental Services. Comments he believes this is an exact mirror of what was done with the waiver as far as those services that were provided, but it is independent of the waiver.
- 311 Robinson Comments she believes Mr. Bunn is talking about the waiver application. It is identical to the waiver application, but until the waiver application gets approved, it is only an application.
- 316 Chair Westlund Recesses meeting at 6:45 p.m.
- 323 Chair Westlund Reconvenes the meeting at 7:18 p.m. and acknowledges the receipt of the HB 4017-2 amendments (**EXHIBIT D**).
- 326 Britton Explains that the HB 4017-2 amendment makes reference under Section 2 to individuals who are non-categoricals, those who are not categorically eligible. This amendment references a different statute and effectively de-links it from the OHP2 waiver.
- 341 Rep. Schrader **MOTION: Moves to ADOPT HB 4017-2 amendments dated 02/08/02 (EXHIBIT I).**
- 345 Chair Westlund **VOTE: 5-0-0**  
**Hearing no objection, declares the motion CARRIED.**
- 349 Bunn States that with the HB 4017-2 amendments included, the bill does provide a package which is roughly 50 percent of the current package to individuals who are not categorically eligible, but it provides the most crucial services to them. The dental community has stepped forward trying to do their part to identify savings. There are roughly 100,000 seniors, disabled, and pregnant women who will continue to receive, as categorically eligible, the full package. About 90,000 will receive the reduced package and if the final waiver is approved, the new 20,000 brought in will also receive the reduced package but the most crucial care will be provided to them.
- 370 Chair Westlund Thanks Mr. Bunn, Rep. Hayden, Rep. Shetterly, Legislative Counsel, and John Britton for their work in bringing good public policy to the State of Oregon in a short time.
- 383 Rep. Schrader **MOTION: Moves HB 4017 to the floor with a DO PASS AS AMENDED recommendation.**
- 383 Chair Westlund **VOTE: 5-0-0**  
**Hearing no objection, declares the motion CARRIED.**

**REP. SCHRADER will lead discussion on the floor.**

413 Chair Westlund Recesses meeting at 7:23 p.m.  
418 Chair Reconvenes the meeting at 7:31 p.m. and opens a work session on HB 4016.

**HB 4016 – WORK SESSION**

423 Robin LaMonte LFO. Submits the HB 4016-4 amendments, Fiscal Impact Statement, and Staff Measure Summary (**EXHIBIT J**) and asked that Legislative Counsel explain the amendments.

430 Dave Heynderickx Legislative Counsel. Explains that the bill as originally drafted would have eliminated three of the new judicial positions that were created last session and not scheduled to go into effect until January 2003. The three positions would have been eliminated. Under the HB 4016-4 amendments all six positions would remain, however, the people elected will not take office until June 30, 2003. Under current law the terms of judges start in January after the General Election. Judges have six-year terms by the Constitution. If the committee wants to bring the terms back in line with the other judges, it could be done as they retire or a vacancy occurs by saying the Governor appoints.

493 Rep. Hansen Asks if the positions could be switched when someone retires to bring the position back in line.  
Heynderickx Responds negatively. Explains the terms will be for six years and are offset. Adds that the bill as drafted does not address that but it seems it could be done by legislation at a later time.

515 Rep. Schrader Asks if there is a cost for the new judges this biennium.

**TAPE 2, B**

042 LaMonte Responds that HB 4016 does not contemplate any appropriation for the new positions that would start the last day of the biennium. If there are any costs, it is assumed those costs would be absorbed by the Department of Justice.

041 LaMonte Advises members that the second piece to the bill reduces juror fees and mileage expense consistent with the adjustment being made in the program area in the budget reconciliation bill.

057 Rep. Shetterly Notes that the Staff Measure Summary refers to HB 4016-1 amendments but reflects the HB 4016-4 amendments and would like to hear from Brad Swank on the HB 4016-1 amendments.

062 Heynderickx Asks for permission to renumber if necessary.

071 Rep. Shetterly **MOTION: Moves to ADOPT HB 4016-4 amendments dated 02/08/02 (EXHIBIT J) and A CONCEPTUAL AMENDMENT to permit Legislative Counsel to determine whether renumbering is necessary in lines 19 and 20 of the HB 4016-4 amendments.**

079 Chair Westlund **VOTE: 5-0-0**  
**Hearing no objection, declares the motion CARRIED.**

091 Brad Swank Special Counsel for Government Relations, State Court Administrator's

- office. Explains transition of work when a court must be closed. The HB 4016-1 amendments make it clear when courts need to close that whatever was supposed to be done on the last day kicks over to the next day. Believes it would be good time to clear this up in the statutes.
- 117 Rep. Shetterly Comments the subject of the HB 4016-1 amendments do not relate to the initial substance of the bill, and this is not so much for court protection as it is for the protection of the public.
- 131 Rep. Schrader Asks how budget crisis or emergencies are reflected in the HB 4016-1 amendments.
- 134 Swank Responds there have been emergencies. Gives example of earthquake in Klamath Falls.
- 146 Rep. Schrader Asks what would make sure that closure would only occur when there is a significant problem, as opposed to just whenever the court feels they would like to close the court.
- 149 Swank Responds that he feels he can assure the committee that the Chief Justice would only close a court as the last resort.
- 158 Chair Westlund Comments that if a court should close, this preserves the rights of a party during the period of the statute of limitations. Doubts there would be any interpretation giving the court latitude to capriciously open and close their doors.
- 165 Swank Comments they do not believe this has to do with the authority or whether or not the courts will be closed. It has to do with the protection of the public if, for whatever reason, the courts are closed. What happens to the public is not currently addressed in law.
- 175 Chair Westlund Comments he understands the nature of the clarification in case of a natural disaster, snow, etc. Suggests that if the deadline should fall on a legal holiday or other anticipated events, they must plan accordingly.
- 190 Swank Comments that the current practice is listed under the Oregon Rules of Civil Procedure. If the last day falls on a holiday or a Sunday, it is kicked over to the next day. It is not the intent to change current practice but are trying to protect the public in other instances.
- 202 Rep. Shetterly Comments that the language in line 18 of the HB 4016-1 amendments (EXHIBIT K) just harmonizes subsection (2) with all the other statutes that relate to time limits for filings.
- 213 Rep. Shetterly **MOTION: Moves to ADOPT HB 4016-1 amendments dated 02/08/02 (EXHIBIT K).**
- 221 Chair Westlund **VOTE: 5-0-0**  
**Hearing no objection, declares the motion CARRIED.**
- 223 Rep. Shetterly **MOTION: Moves HB 4016 to the floor with a DO PASS AS AMENDED recommendation.**
- 230 Chair Westlund Comments that last session many legislators fought to get more than six judges and were not successful. Believes it is important to recognize the importance of our judicial system. Would hope there is a reasoned approach to providing something that no one should take for granted, and that is the simple concept that helps make America, America and

- that is justice.
- 247                   Chair Westlund           **VOTE: 5-0-0**  
**Hearing no objection, declares the motion CARRIED.**  
**REP. SHETTERLY will lead discussion on the floor.**
- 253                   Chair Westlund           Opens a work session on HB 4020.
- HB 4020 – WORK SESSION**
- 268                   Larry Niswender           LFO. Submits Staff Measure Summary and flow chart (**EXHIBIT L**). Explains that HB 4020 is designed to provide for a one-time revenue transfer from the Emergency Communications Account and its sub accounts to the General Fund to help with the statewide budget rebalance plan. Based on existing balances, the projected ending balances and projected tax revenue in this one-time transfer is not expected to adversely affect the planned program expenditures. The account accumulates approximately \$62.5 million, had a beginning balance of \$13 million, and planned expenditures of about \$56 million. The net result of the transfer leaves approximately \$5 million in a beginning balance for enhanced 9-1-1 implementation. The money that would have otherwise flowed into a consolidation incentive fund will be reduced. There is a possibility revenue will collect in that account and the structure will be there for future biennia.
- 304                   Rep. Schrader           Asks that Niswender review the dollar amounts stated in his explanation.
- 311                   Niswender               Explains flow chart (**EXHIBIT L**).  
Rep. Scharader           Comments that the bill perhaps delays the implementation of the consolidation but all the services remain in place.
- 343                   Niswender               Responds that the expenditure plan will be carried out as budgeted for. Adds there are certain risks associated with the revenue projections not being realized. The revenue source has been growing. The number of phone lines with the seventy-five cents per month line charge continues to grow.
- 357                   Chair                   Asks if there has ever been a period when revenue projections were not met or exceeded.
- 366                   Richard Yates           Legislative Revenue Office. Responds he is not aware of any situation where revenues have not been met. Adds that inclusion of cellular phones as part of the tax base has brought greater growth than expected. Explains that in estimating the revenues he tried to fit a long-run trend into the growth in the subscriber lines, which recognized the growth in land lines as well as cellular lines and to add a logarithmic function that decreases over time to pick up the growth in cellular phones but taper it off now.
- 409                   Chair Westlund           Comments that the concern that has been expressed deals with the consolidation incentive fund bringing the statutory "mandate." Asks Niswender if that direction to the call centers was based on the availability of revenue.
- 416                   Niswender               Responds there was no specific plan for dollars to be provided. Each of the counties were directed to come up with a consolidation plan and if

they did not, the Office of Emergency Management would come up with a plan to present to the next session of the legislature. Adds that the intent stated in the bill was to fund one answering point per county. No concrete numbers about what was going to be provided or the level of funding support were discussed. The law says the legislature will determine how those funds would be allocated.

441 Rep. Schrader

Comments he does not want to create an unfunded mandate.

459 Niswender

Responds that the bill does not mandate a consolidation; the bill said the counties are to come up with a consolidation plan for presentation to the body and the incentive fund would be available to assist in that. There were 14 of 36 counties that had four of these through this tax source. It has supplied equipment and continues to maintain equipment in all 56 centers. Adds that if consolidation does occur, there may be more money available in the consolidated incentive fund than represented on the chart.

512 Rep. Schrader

**MOTION: Moves HB 4020 to the floor with a DO PASS recommendation.**

516

Chair Westlund

**VOTE: 5-0**

**Hearing no objection, declares the motion CARRIED.**

**REP. HILL will lead discussion on the floor.**

**TAPE 3, A**

043 Chair Westlund

Opens a work session on HB 4019.

**HB 4019 – WORK SESSION**

045 Larry Niswender

LFO. Submits Staff Measure Summary and Revenue Statement (**EXHIBIT M**). Explains that HB 4019 is before the body to correct a drafting error and to clarify the period of time during which the 9-1-1 telephone tax is to be collected.

During the revision to the statute last session when the sunset date was moved from December 31, 2001 to 2003 one of the references in the bill delayed the implementation of a section. That drafting error could suspend collection of the tax for approximately seven months and put about \$18 million of tax revenue at risk. Adds that the error was found when they were amending the language for HB 4020.

061 Rep. Hansen

**MOTION: Moves HB 4019 to the floor with a DO PASS recommendation.**

069

Chair Westlund

**VOTE: 5-0-0**

**Hearing no objection, declares the motion CARRIED.**

**REP. HILL will lead discussion on the floor.**

072

Adjourns meeting at 8:07 p.m.

Submitted By,



Annetta Mullins,  
Committee Assistant

Reviewed By,



Adrienne Sexton,  
Legislative Analyst



**EXHIBIT SUMMARY**

- A - Rules, Committee, staff, 1 pp
- B - HB 4013, Revenue Impact Statement and Staff Measure Summary, 2 pp
- C - HB 5071, LC 50-2, staff, 5 pp
- D - HB 4014, HB 4014-1 amendments, staff, 1 pp
- E - HB 4014, HB 4014-2 amendments, staff, 3 pp
- F - HB 4014, Revenue Impact Statement, staff, 1 pp
- G - HB 5070, HB 5070-2 amendments, staff, 22 pp
- H - HB 4017, Staff Measure Summary, Fiscal Impact Statement, and HB 4017-1 amendments, staff, 10 pp
- I - HB 4017, HB 4017-2 amendments, staff, 8 pp
- J - HB 4016, HB 4016-4 amendments, Fiscal Impact Statement, and Staff Measure Summary, staff, 4 pp
- K - HB 4016, HB 4016-1 amendments, Brad Swank, 3 pp
- L - HB 4020, Staff Measure Summary and flow chart, staff, 2 pp
- M - HB 4019, Staff Measure Summary and Revenue Impact Statement, staff, 2 pp