

SPECIAL COMMITTEE ON BUDGET

June 21, 2002 Hearing Room E
10:00 AM Tapes 7 - 8

MEMBERS PRESENT: **Sen. Steve Harper, Chair**
 Sen. Margaret Carter
 Sen. Peter Courtney
 Sen. Avel Gordly
 Sen. Charles Starr

MEMBER EXCUSED: **Sen. Roger Beyer**
 Sen. Ken Messerle

STAFF PRESENT: **Paul Warner, Legislative Revenue Officer**
 Patricia Nielsen, Administrative Support

MEASURE/ISSUES HEARD: **HB 5091A – 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.

TAPE/#	Speaker	Comments
TAPE 7, A		
005	Chair Harper	Calls the meeting to order at 10:25 a.m. Opens work session on HB 5021A.
<u>HB 5021A - WORK SESSION</u>		
010	Paul Warner	Legislative Revenue Officer, Legislative Revenue Office (LRO). Describes the overview of revenue changes during the past few months and provides status report. Refers to Gap Calculation handout (EXHIBIT A) and discusses specific figures.
110	Warner	Continues and refers to EXHIBIT A . Discusses tobacco securitization.
150	Warner	Continues and refers to EXHIBIT A . Discusses tax increases.
240	Warner	Concludes.
245	Chair Harper	Comments these are approaches to discuss.
250	Sen. Carter	Asks about delay of light rail.
255	Warner	Explains it is a refund of bond due, and there are reserves kept which are freed by the bond being paid off.
266	Sen. Gordly	Asks whether the funds are captured from west side light rail, and what will happen to the interstate light rail project.
275	Warner	Responds and explains the funds were reserved for specific project.
280	Sen. Gordly	Asks if it is possible for the funds to be claimed for the interstate light rail project.
295	Warner	Responds he will confirm with Treasury.
298	Sen. Yih	Asks whether disconnect from bonus depreciation is retroactive or prospective.
305	Warner	Responds it would reach back to Sept 10, 2001 and negate the bonus depreciation for the 2003-05 biennium.
315	Sen. Yih	Inquires if the \$124 million is for two years.
320	Warner	Confirms it is for the 2001-03 biennium period.

325	Warner	Continues on reverse page of EXHIBIT A , and reviews the House proposal. Begins discussion with Solutions section, with delay of Measure 88 tax reduction. Continues.
425	Warner	Continues discussing House proposal budget reductions.
TAPE 8, A		
010	Warner	Continues discussing House proposal budget reductions. Explains 911 balance. Discusses state school fund payment. Concludes there is an \$879 million balance to the House proposed solution.
055	Sen. Courtney	Inquires whether the House plan allows for September 2002 forecast.
058	Warner	Responds the \$28 million general funding ending balance would be applied to decrease in September forecast, but anything beyond that would require legislative action.
060	Sen. Courtney	Asks if the House cut K-12 education.
065	Warner	Describes two reductions of \$112 million and \$200 million, and offset.
070	Sen. Courtney	Asks if Proposition 13 was connected to reduction.
075	Warner	Explains it is a change in payment pattern. House actions put schools back where they were at the end of 2 nd special session.
085	Sen. Courtney	Disagrees and asks about September ballot measure.
090	Warner	Responds and continues the House also proposed a backup bonding program of \$180 million revenue against master settlement. Explains the bonds would be sold in spring to have payments to schools by May 2002. Discussion about direction of the new stability fund.
140	Sen. Courtney	Asks if common school fund money is dedicated to K-12.
145	Warner	Explains and discusses proposals.
155	Sen. Carter	Asks when earnings will be defined.
158	Harper	Comments this budget element is uncertain.
160	Warner	Advises the Senate Revenue Committee has beginning of a legislative concept provided by Division of State Lands (DSL), but no clear legal guidelines.
165	Sen. Carter	Asks how firm the tobacco settlement dollar projections are.
170	Warner	Explains revenue from Master Settlement Agreement.
190	Sen. Carter	Asks about payments to Oregon.
195	Warner	Describes payment schedule.
200	Sen. Carter	Inquires whether the receipts have matched projections.
205	Warner	Responds they have been very close. Explains inflation adjustment.
220	Sen. Carter	Asks if these dollars will go down.
225	Warner	Responds.
230	Sen. Courtney	Asks about PERS savings.
235	Warner	Responds it is not a dollar amount but was part of the original proposal.
250	Sen. Yih	Inquires whether a task force is studying the issue.
255	Chair Harper	Advises it won't impact this special session budget.
265	Sen. Yih	Asks if there is a chance of savings later if mortality tables changed.
270	Chair Harper	Responds it is not yet determined. Opens the meeting for comment from the floor.
300	Chair Harper	Advises the committee may meet tomorrow afternoon. Adjourns meeting at 11:15 a.m.

Submitted By,

Reviewed By,

Patricia Nielsen,
Committee Assistant

Marjorie Taylor,
Administrator

EXHIBIT SUMMARY

A – HB 5091A, Gap calculation and House proposal, P. Warner, 2 pp

B – HB 5091A, budget report and measure summary, P. Warner, 29 pp