

SENATE SPECIAL COMMITTEE ON BUDGET

June 26, 2002 Hearing Room E
9:30 AM Tapes 13 – 16

MEMBERS PRESENT: Sen. Lenn Hannon, Chair
Sen. Peter Courtney
Sen. Avel Gordly
Sen. John Minnis
Sen. David Nelson

VISITING MEMBERS: Sen. Kate Brown

STAFF PRESENT: Richard Yates, Legislative Revenue Office (LRO)
Paul Warner, LRO
Rick Olsen, Legislative Fiscal Office (LFO)
Ken Rocco, LFO
Larry Niswender, LFO
Steve Bender, LFO
Lizbeth Martin-Mahar, LRO
Patricia Nielsen, Administrative Support

MEASURE/ISSUES HEARD: HB 4051 A – Public hearing and work session
HB 4052 B – Public hearing and work session
HB 4059 A – Public hearing and work session
HB 4055 A – Public hearing and work session
HB 5091 B – Public hearing and work session
Introduction of Committee bills (LC 63) – Work session
HB 4054 B – Public hearing and work session
HB 4056 A – Public hearing and 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 13, A		
005	Chair Hannon	Calls the meeting to order at 10:21 a.m. Advises he will hold public hearings on several bills, and then conduct work sessions as amendments are completed.
010	Chair Hannon	Opens public hearing on HB 4051A.
<u>HB 4051A – PUBLIC HEARING</u>		
015	Richard Yates	LRO. Presents overview of HB 4051A, which is the House cigarette tax increase. Refers to staff measure summary and revenue impact statement (EXHIBITS A, B).
055	Chair Hannon	Asks about earliest election for referral to voters.
060	Yates	Responds and explains time frame for scheduling election.
065	Chair Hannon	Inquires whether there could be an amendment adopted for a special election in January 2003.
070	Yates	Advises it is planned with another bill.
075	Sen. Nelson	Asks about proposed cessation program.
078	Yates	Explains.
080	Sen. Minnis	Asks about program increase.
085	Yates	Explains the counties are held harmless.

088	Paul Warner	LRO. Explains that the bonding section is in HB 4056, now being worked on by legislative counsel.
095	Mark Nelson	R. J. Reynolds Tobacco. Testifies in opposition to cigarette tax. Recommends using existing revenue for bond proposals. Submits proposed -A13 and -A15 amendments dated 6-15-02 (EXHIBITS C, D). Discusses options.
145	Sen. Nelson	Notes that indication from LRO is that it was not possible to use existing revenues.
150	M. Nelson	Discusses bond funding.
185	Richard Kosesan	Defers to Mr. Nelson's testimony.
190	Scott Gallant	Oregon Medical Association (OMA). Testifies in favor of bill and of tax on tobacco. Asserts that the issue includes revenue sources and public health issue, because smoking significantly impacts costs to health care, especially Oregon Health Plan (OHP). Testifies in opposition to -A15 amendments. Recommends adopting a proposal to be voted on in November 2002.
230	Bruce Bishop	Oregon Association of Hospitals and Health Systems. Testifies in support of tax increase and referral to voters. Recommends using funds to restore programs in OHP.
240	Yates	Notes that HB 4051A has a sunset of 1-1-08 but the draft does not have sunset.
245	Sen. Nelson	Asks about a November election.
250	Chair Hannon	Advises the bill is structured to be voted on without referral. If referred, a different bill sets up an election.
260	Gallant	Defers analysis until he reviews time frame.
270	Sen. Minnis	Asks about structure of bill and referral for special election in September.
275	Gallant	Expresses concern by OMA that voting in a special election means the public is not as engaged as in a general election.
295	Mark Bigger	Sen. Gary George's office. Discusses amendment regarding smoking cessation programs. Expresses concern over DHS sponsorship of events of some local groups with smoking cessation program dollars. Submits written testimony (EXHIBIT E).
360	Sen. Nelson	Asks whether amendment limiting funding to statewide programs would effectively stop misuse of funds.
370	Yates	Responds.
375	Sen. Minnis	Asks for input from smoking cessation program representatives.
390	Nancy Bennett	American Cancer Society. Advocates use of tobacco tax funds for prevention programs, and tying tax to specific programs, such as OHP or youth smoking prevention programs.
430	John Valley	American Cancer Society. Discusses allocation to Basic Rights Oregon. Advises the Governor's Tobacco Reduction Advisory Committee monitors progress of tobacco prevention education program.
TAPE 14, A		
030	Sen. Minnis	Asks if the American Cancer Society is a beneficiary of the moneys.
032	Valley	Answers no.
035	Sen. Minnis	Inquires whether the program is audited.
038	Valley	Responds and describes audits done previously.
045	Bennett	Notes that Oregon has a leading program in the USA.
053	Sen. Minnis	Agrees the money should be used appropriately.

060	J. L. Wilson	National Federation of Independent Business (NFIB). Testifies in opposition because it is a barrier to profitability for small business.
070	Sen. Gordly	Comments on use of tobacco cessation dollars by Basic Rights Oregon and asks that they be invited to present testimony.
080	Chair Hannon	Closes public hearing on HB 4051A. Opens public hearing on HB 4052B.
<u>HB 4052B – PUBLIC HEARING</u>		
105	Warner	LRO. Presents overview of bill, which implements HJR 80 and creates the Education Stability Fund. Continues discussion of details.
120	Chair Hannon	Asks what amount is in HJR 80.
125	Warner	Responds the House version is \$180 million, and the Senate version is \$220 million.
130	Chair Hannon	Clarifies this plan would set that figure at \$150 million.
132	Warner	Affirms.
140	Sen. Courtney	Asks about date in September.
147	Warner	Responds it is September 17.
151	Chair Hannon	Asks for testimony on HB 4052B.
160	Kate Richardson	State Treasurer’s office. Testifies in favor.
170	Chair Hannon	Seeing no further request for testimony, closes public hearing on HB 4052B. Opens public hearing on HB 4059A.
<u>HB 4059A – PUBLIC HEARING</u>		
175	Warner	Presents overview of HB 4059A, which relates to election procedures.
205	Chair Hannon	Asks for testimony. Seeing none, closes public hearing on HB 4059A. Opens public hearing on HB 4055A.
<u>HB 4055A – PUBLIC HEARING</u>		
228	Rick Olsen	LFO. Presents overview of bill, which contains omnibus program changes. Advises that amendments are in process and describes amendments.
250	Sen. Courtney	Asks whether the bill eliminates the management salary cost of living adjustment.
255	Olsen	Responds that is not included in the amendments to this bill.
260	Lisa Trussell	Associated Oregon Industries (AOI). Expresses concern about taking money from the Supplemental Employment Department Administrative Fund (SEDAF) and transferring it to the General Fund.
275	Ozzie Rose	Confederation of Oregon School Administrators. Has no objection to the proposed action in the bill, though opposes cuts in general.
300	Chair Hannon	Seeing no further testimony, closes public hearing on HB 4055A. Opens public hearing on HB 5091B.
<u>HB 5091B – PUBLIC HEARING</u>		
TAPE 13, B		
005	Ken Rocco	LFO. Presents overview of HB 5091B, omnibus disappropriations bill. Submits written overview of HB 5091B (EXHIBITS F, G).
015	Chair Hannon	Invites testimony. Seeing none, asks Mr. Rocco to review changes between House and Senate versions.
020	Rocco	Discusses.
045	Gordon Fultz	Association of Oregon Counties (AOC). Expresses concern over reduction to the Juvenile Crime Prevention grants to counties.

050	Rocco	Explains reduction.
055	Larry Niswender	LFO. Discusses reduction.
063	Fultz	Responds and expresses concerns.
070	Paul Snider	AOC. Explains impact on SB 1145 programs. Submits written materials (EXHIBIT H).
090	Don Schellenberg	Oregon Farm Bureau Federation. Testifies in opposition to reduction for Department of Agriculture budget and elimination of international marketers for agricultural products.
105	Chuck Craig	Oregon Department of Agriculture. Testifies in opposition to cut to federal grant money.
110	Sen. Courtney	Asks if the agency prefers across-the-board cuts.
115	Craig	Explains the agency wants flexibility to cut elsewhere because this is a program funded by federal grant money and represents a solution to the current economic problems.
130	Rocco	Explains difference between earlier cut and this reduction.
140	Chair Hannon	Offers the Department flexibility to cut where it chooses.
155	Matt Blevins	Oregon Environmental Council. Concern over timing of release of funds for the Pesticide Use Reporting System (PURS). Requests \$160,000 to last until the September Emergency Board meeting.
170	Rocco	Explains the House plan did make the \$160,000 appropriation.
180	Grattan Kerans	Oregon University System (OUS).
185	Chair Hannon	Asks about impact of salary reduction package in an attempt to avoid tuition increases.
190	Sen. Courtney	Refers to Senate proposal (EXHIBIT G).
205	Rocco	Explains \$25 million of \$100 million would not be allocated to agencies, but other cuts would be reduced.
215	Steve Bender	LFO. Explains allocation of \$75 million for statewide salary compensation instead of \$100 million. This would have reduced OUS's allocation by \$5.5 million. The proposed plan restores \$2.3 million, so reduction is only \$3.2 million.
230	Kerans	Responds the pro rata cut is acceptable to OUS.
235	Sen. Courtney	Asks about undergraduate tuition.
240	Kerans	Advises he will urge the State Board of Higher Education to absorb cuts in other ways than undergraduate resident tuition increases.
260	Sen. Courtney	Discusses tuition increases with various reduction packages.
290	Bender	Describes possible 2% increase above 3% currently scheduled. Discusses other increases in response to House budget reductions.
310	Sen. Courtney	Comments on hardship to students due to tuition increases.
312	Kerans	Comments how the cuts will be addressed. Advises this does not protect other classes of students from tuition increases.
340	Sen. Courtney	Discusses further.
350	Sen. Gordly	Asks for LFO to clarify SB 1145 impacts.
355	Niswender	Explains impact on community corrections removes half the available inflation above Corrections Department level.
370	Sen. Courtney	Asks about 2001 session impacts on SB 1145 program.
375	Niswender	Explains it was approximately \$195 million in community corrections grants.
380	Sen. Courtney	Asks about legislature's commitment to counties under SB 1145.
385	Sen. Minnis	Explains the structure leaves dollar amount flexible.
405	Niswender	Clarifies details of plan, formula and funding; which is still above the state's responsibility level, including inflation.

TAPE 14, B

005	Sen. Courtney	Asks about changes during 2002 special sessions.
008	Niswender	Explains details of appropriation.
010	Sen. Courtney	Asks about laying off troopers from State Police.
020	Niswender	Discusses specific cuts, including layoffs which will trickle down to field staff. Advises the Department has asked for flexibility to spread reduction among several categories of its general fund budget.
050	Sen. Minnis	Clarifies the positions are management positions, not patrol troopers.
070	Sen. Minnis	Asks about specific FTE authority.
073	Niswender	Explains 3.5 FTE specifically are targeted.
075	Chair Hannon	Asks if the Committee can direct Department to make reductions in specific areas.
080	Niswender	Responds the appropriation is at a Division level for line items.
085	Chair Hannon	Inquires whether positions are patrolmen.
090	Niswender	Advises there are bumping rights.
095	Sen. Minnis	Explains seniority rights.
100	Niswender	Continues clarification.
110	Bill Linden	Oregon Judges Association. Testifies in opposition to elimination of salary increases for judges. Submits written testimony (EXHIBIT I).
130	Chair Hannon	Discusses.
150	Sen. Minnis	Clarifies whether the provision delays or repeals the increase.
155	Rocco	Clarifies further the bill provides for eliminating the increase, and the next legislative assembly will decide whether to reinstate it.
175	Mary Botkin	American Federation of State, County and Municipal Employees (AFSCME). Agrees that the committee should not give OSP authority for across-the-board cuts at its discretion.
220	Chair Hannon	Assures the legislature will be monitoring reductions.
240	Chair Hannon	Closes public hearing on HB 5091B. Opens work session for introduction of committee bills.

INTRODUCTION OF COMMITTEE BILLS (LC 63) – WORK SESSION

245	Rocco	Presents overview of LC 63 (EXHIBIT J), which allows legislative approval of an annexation in Hood River and Wasco Counties for the Columbia Gorge Community College district.
255	Chair Hannon	Moves LC 63 be introduced as a committee bill. Without objection, the motion is approved.
265	Chair Hannon	Recesses the committee at noon, to reconvene at 1:30 p.m.
270	Chair Hannon	Re-convenes meeting at 2:07 p.m. Opens public hearing on HB 4054B.

HB 4054B – PUBLIC HEARING

275	Lizbeth Martin-Mahar	LRO. Presents overview of HB 4054B, which phases in effectiveness of Measure 88, the federal income tax deduction. Presents -B13 amendments dated 6-26-02 (EXHIBIT K). Refers to staff measure summary, revenue impact statement, and graph of revenue change (EXHIBITS L, M, N).
330	Joe Schweinhart	AOI. Testifies in opposition because the voters have spoken and this represents an economic stimulus.
350	J. L. Wilson	Returns and testifies in opposition. Suggests this is one of only a few tools available to reverse reduction of tax base.
360	Chair Hannon	Asks if his association would support the disconnect instead.
365	Schweinhart	Responds both are needed and it is not a trade-off.

370	Chair Hannon	Discusses securitization of the reserve fund in SAIF.
372	Wilson	Disagrees because the private sector is paying and has led the way in experiencing the recession.
390	Schweinhart	Responds further the economy is still sluggish and needs to grow.
TAPE 15, A		
005	Ralph Groener	AFSCME. Differs from AOI and NFIB and testifies in support. Discusses possible measures to stimulate the economy and fund K-12 and service programs. Disagrees with giving personal income taxes to citizens to stimulate economy.
085	Chair Hannon	Closes public hearing on HB 4054B.
087	Sen. Gordly	Submits letter for the record from Basic Rights Oregon (EXHIBIT O) .
095	Chair Hannon	Recess the committee at 2:22 p.m. Reconvenes the meeting at 2:30 p.m. Opens Work session 4054B.
<u>HB 4054B – WORK SESSION</u>		
100	Warner	LFO. Reviews bill and proposed -B13 amendments dated 6-26-02 (EXHIBIT K) .
115	Sen. Minnis	MOTION: Moves to ADOPT HB 4054B-13 amendments dated 6/26/02.
120	Chair Hannon	Over the objections of Sen. Gordly and Sen. Courtney, the motion CARRIES.
125	Chair Hannon	Closes work session on HB 4054B. Opens public hearing and work session on HB 4056A.
<u>HB 4056A – PUBLIC HEARING</u>		
135	Yates	LRO. Presents overview of bill and proposed -A4 amendments dated 6-26-02 (EXHIBIT P) which replace A-engrossed bill and provide for bonds backed by cigarette tax revenues.
155	Chair Hannon	Confirms subject of bill and details.
160	Sen. Courtney	Asks if this is a separate piece of legislation from the cigarette tax.
165	Yates	Confirms and explains these moneys go into the State School Fund consistent with the relating clause.
175	Sen. Courtney	Asks Sen. Minnis if this requires 16 votes, where revenue source bill requires 18 votes.
180	Sen. Minnis	Confirms.
185	Sen. Courtney	Asks whether the cigarette tax bill needs language to make sure the two match.
190	Sen. Minnis	Suggests adding language to cigarette tax bill making it contingent on passage of this bill.
195	Sen. Courtney	Asks to make sure the cigarette tax can be used to pay for the bond.
200	Sen. Minnis	Requests input from Treasurer's office.
205	Yates	Clarifies the revenue pledged is from all cigarette taxes under current chapter.
210	Sen. Minnis	Clarifies not tied only to the revenue from a tax increase.
215	Sen. Courtney	Confirms whether the entire tax will support this bonding authority.
225	Yates	Responds yes.
227	Kate Richardson	Treasurer's office. Returns to suggest change in language of -A4 amendments to say not less than six years instead of five years. Adds clarification regarding existing and additional cigarette tax, that the bill is pledging current and any subsequent tax to back the bonds.

250	Gallant	Returns to testify and raise concerns over obligating all tobacco tax funds as collateral for future deficits, because it would be a major policy change for use of tobacco tax funds.
270	Yates	Disagrees and explains.
290	Harrison Conley	Legislative Counsel Office. Points out language asking the Treasurer to look at revenue forecasts for this biennium only. Explains bonds once issued remain a contract but the only “deficit” to be considered is the 2001-03 biennium.
310	Yates	Points out another reference to limitation for issuing bonds during the current biennium only.
315	Gallant	Suggests this is still a policy change, and it is borrowing from estimated revenues.
325	Sen. Minnis	Responds.
335	Chair Hannon	Closes public hearing on HB 4056A. Opens work session on HB 4056A.
<u>HB 4056A – WORK SESSION</u>		
340	Sen. Minnis	MOTION: Moves to ADOPT HB 4056A-A4 amendments dated 6-26-02, with the amendment on page 5 line 12 after the word “than” eliminating the word “five” and inserting the work “six” as suggested by the State Treasurer’s office. Without objection the motion CARRIES.
360	Chair Hannon	EXCUSED: 1 - Sen. Nelson.
370	Chair Hannon	Closes work session on HB 4056A. Recesses the committee at 2:55 p.m.
373	Chair Hannon	Reconvenes committee at 3:00 p.m. Opens work session HB 4051A.
<u>HB 4051A – WORK SESSION</u>		
380	Yates	Presents overview of HB 4051A-A20 and -A21 amendments dated 6-26-01 (EXHIBITS Q, R). Discusses details of amendments.
TAPE 16, A		
005	Yates	Continues discussing HB 4051A-A20 amendments.
040	Sen. Courtney	Clarifies the bill will generate \$80 million for the current biennium, and \$220 million during the 2003-05 biennium.
045	Yates	Responds.
050	Chair Hannon	MOTION: Moves to ADOPT HB 4051A-A21 amendments dated 6/26/02. Without objection the motion CARRIES.
		EXCUSED: 1 - Sen. Nelson
060	Sen. Courtney	Raises question of version of amendments adopted.
065	Chair Hannon	Reconvenes work session.
066	Sen. Courtney	MOTION: Moves to RECONSIDER MOTION by which HB 4051A-21 amendments were adopted.
070	Chair Hannon	Without objection, the motion CARRIES.
		EXCUSED: 1 - Sen. Nelson
075	Yates	Discusses.
085	Chair Hannon	Discusses reconsideration OF HB 4051 with -A21.
095	Sen. Minnis	MOTION: Moves to RESCIND ADOPTION of HB 4051A-21 amendments.
100	Chair Hannon	Without objection, the motion CARRIES.
		EXCUSED: 1 - Sen. Nelson.
105	Yates	Discusses HB 4051-A21 amendments, and clarifies differences. Points out reference on page 5, line 10, section 8, subsection 2, which does not exist in -A20 amendments. Explains Sen.

		Nelson's amendment restricting use of funds for programs paid for by local governments.
115	Sen. Courtney	MOTION: Moves to ADOPT HB 4051A-21 amendments dated 6/26/02.
120	Sen. Gordly	Asks why there is different language in the two amendments.
125	Yates	Reviews issue raised by Sen. George's staff today. Reads budget note given to Health Division during the 2001 session.
145	Chair Hannon	Without objection the motion CARRIES.
		EXCUSED: 1 - Sen. Nelson
150	Chair Hannon	Closes work session on HB 4051A. Recess at 3:15 p.m.
155	Chair Hannon	Reconvenes the committee at 3:25 p.m. Opens work session on HB 4055A.
		<u>HB 4055A – WORK SESSION</u>
160	Olsen	LFO. Introduces HB 4055A-A7 amendments dated 6-26-02 (EXHIBIT S) .
170	Chair Hannon	MOTION: Moves to ADOPT HB 4055A-7 amendments dated 6/26/02. Without objection the motion CARRIES.
		EXCUSED: 1 - Sen. Nelson
175	Chair Hannon	Closes work session on HB 4055A. Recesses the meeting at 3:28 p.m.
190	Chair Hannon	Reconvenes meeting at 4:00 p.m. Reopens work session on HB 4052B.
		<u>HB 4052B – WORK SESSION</u>
195	Warner	Presents overview of HB 4052B, which contains implementing language for HJR 80. Reviews HB 4052B -B3 amendment dated 6-26-02 (EXHIBIT T) .
210	Sen. Minnis	Explains.
230	Sen. Minnis	MOTION: Moves to ADOPT HB 4052B-B3 amendments dated 6/26/02. Without objection the motion is CARRIES.
		EXCUSED: 1 - Sen. Nelson
235	Chair Hannon	Closes work session on HB 4052B. Recesses the committee at 4:04 p.m.
240	Chair Hannon	Reconvenes meeting at 4:33 p.m. Recesses the committee until 7:30 p.m.
243	Chair Hannon	Reconvenes meeting at 7:30 p.m. Opens work session on HB 4059A.

HB 4059A – WORK SESSION

245 Adrienne Sexton LFO. Presents overview of HB 4059A, which sets a special election in September 2002. Presents -A3 amendments dated 6-26-02 (EXHIBIT U). Discusses details of amendments.

265 Chair Hannon **MOTION: Moves to ADOPT HB 4059A-A3 amendments dated 6-26-02. Without objection the motion CARRIES.**

275 Chair Hannon **MOTION: Moves HB 4059A to the floor with a DO PASS AS AMENDED recommendation.**

VOTE: 5-0

285 Chair Hannon **Hearing no objection, declares the motion CARRIED. SEN. HANNON will lead discussion on the floor.**

290 Chair Hannon Closes work session on HB 4059A. Reopens work session on HB 4051A.

HB 4051A – WORK SESSION

301 Chair Hannon Notes that Sen. Nelson’s amendments were adopted earlier and asks him to answer questions.

315 Sen. Nelson Explains intent of the amendments would be to direct moneys to statewide tobacco cessation programs rather than special interest groups for political purposes.

335 Sen. Gordly Asks about purpose of amendment.

337 Sen. Nelson Remarks there was some concern that this money was being used at the local level, not in a coordinated statewide effort.

345 Sen. Gordly Asks whether by doing this, any federal funds are jeopardized.

350 Warner Responds none.

355 Yates Clarifies Mental Health had no objection to the bill and amendments; and assumes they considered federal fund implications.

360 Sen. Nelson **MOTION: Moves HB 4051A to the floor with a DO PASS AS AMENDED recommendation.**

365 **VOTE: 5-0**

Chair Hannon **Hearing no objection, declares the motion CARRIED. SEN. NELSON will lead discussion on the floor.**

370 Chair Hannon Closes work session on HB 4051A. Reopens work session on HB 4052B.

HB 4052B – WORK SESSION

375 Warner Reviews bill, which is the implementing bill for HJR 80.

380 Chair Hannon Recesses committee at 7:45 p.m.

390 Chair Hannon Reconvenes committee at 9:00 p.m.

TAPE 15, B

010 Chair Hannon **MOTION: Moves HB 4052B to the floor with a DO PASS AS AMENDED recommendation.**

015 **VOTE: 4-0**

EXCUSED: 1 - Sen. Nelson

Chair Hannon **Hearing no objection, declares the motion CARRIED. SEN. COURTNEY will lead discussion on the floor.**

020 Chair Hannon Closes work session on HB 4052B. Reopens work session on HB 4054B.

HB 4054B – WORK SESSION

030 Sen. Minnis **MOTION: Moves to TABLE HB 4054B.**

035 **VOTE: 4-0**

EXCUSED: 1 - Sen. Nelson

	Chair Hannon	Hearing no objection, declares the motion CARRIED.
040	Chair Hannon	Closes work session on HB 4054B. Reopens work session on HB 4056A.
	<u>HB 4056A – WORK SESSION</u>	
045	Warner	Reviews HB 4056A, which authorizes the Treasurer to issue bonds backed by future tobacco revenue.
050	Sen. Minnis	MOTION: Moves HB 4056A to the floor with a DO PASS AS AMENDED recommendation.
055		VOTE: 5-0
	Chair Hannon	Hearing no objection, declares the motion CARRIED. SEN. MINNIS will lead discussion on the floor.
060	Chair Hannon	Closes work session on HB 4056A. Reopens work session on HB 4055A.
	<u>HB 4055A – WORK SESSION</u>	
065	Chair Hannon	Advises need to adopt a conceptual amendment to remove \$19 million of unemployment SEDAF funds from the bill.
070	Olsen	Recommends deleting sections 4 and 10 from the -A7 amendments dated 6-26-02.
075	Chair Hannon	MOTION: Sen. Hannon moves to amend the -A7 amendments to 4055A by deleting section 4 on page 2, beginning on line 22 and ending on line 24; and deleting section 10 on page 4, beginning on line 14 and ending on line 19.
		VOTE: 5-0
		Hearing no objection, declares the motion CARRIED.
080	Chair Hannon	MOTION: Moves HB 4055A to the floor with a DO PASS AS AMENDED recommendation.
085		VOTE: 5-0
	Chair Hannon	Hearing no objection, declares the motion CARRIED. SEN. HANNON will lead discussion on the floor.
090	Chair Hannon	Closes work session on HB 4055A. Opens work session on HB 5091B.
	<u>HB 5091B – WORK SESSION</u>	
100	Rocco	Reviews updated list of selective program reductions (EXHIBIT V). Describes updates reflected in the HB 5091B-B7 amendments dated 6-26-02 (EXHIBIT W). Discussion of whether conceptual amendment is needed to reflect removal of SEDAF funds from the reduction list.
160	Sen. Courtney	Asks whether the budget is balanced with this bill.
165	Chair Hannon	Responds it is not balanced after removal of \$19 million SEDAF reduction.
180	Sen. Minnis	Assumes \$20 million ending balance.
195	Rocco	Clarifies it was originally \$26 million, but after removing the \$19 million there is a \$7 million ending balance.
205	Chair Hannon	Submits proposed budget note for HB 5091B (EXHIBIT X). Refers to budget note in SB 5527 (2001) regarding copays, which was found to conflict with federal regulations.
		Recalls Grattan Kerans, OUS, to answer questions regarding possible tuition increases.
235	Kerans	Submits written testimony describing impact of budget cuts on higher education tuition (EXHIBIT Y).
280	Sen. Minnis	Questions Kerans about prior cuts.
305	Kerans	Responds and explains.

330	Chair Hannon	Moves to approve the proposed budget note on HB 5091B. VOTE: Hearing no objections, the budget note is APPROVED.
335	Sen. Minnis	MOTION: Moves to ADOPT HB 5091B-B7 amendments dated 6/26/02.
340	Chair Hannon	Hearing no objection, declares the motion CARRIED.
350	Sen. Minnis	MOTION: Moves HB 5091B to the floor with a DO PASS AS AMENDED recommendation.
355		VOTE: 5-0
	Chair Hannon	Hearing no objection, declares the motion CARRIED. SEN. HANNON will lead discussion on the floor.
360	Chair Hannon	Recesses committee until 9:30 p.m. NOTE: The committee did not reconvene and was adjourned by the adjournment of the Senate at the end of the session day.

Submitted By,

Reviewed By,

Patricia Nielsen,
Committee Assistant

Marjorie Taylor,
Administrator

EXHIBIT SUMMARY

- A – HB 4051A, measure summary, staff, 1 pp**
- B – HB 4051A, revenue impact statement, staff, 1 pp**
- C – HB 4051A, -A13 amendments dated 6-15-02, M. Nelson, 1 p**
- D – HB 4051A, -A15 amendments dated 6-15-02, M. Nelson, 1 p**
- E – HB 4051A, written testimony, M. Bigger/Sen. George, 8 pp**
- F – HB 5091B, proposed selective program reductions, staff, 4 pp**
- G – HB 5091B, Senate proposal, staff, 1 p**
- H – HB 5091B, written testimony, P. Snider, 5 pp**
- I – HB 5091B, written testimony, B. Linden, 2 pp**
- J – LC 63, staff, 1 p**
- K – HB 4054B, -B13 amendments dated 6-26-02, staff, 9 pp**
- L – HB 4054-B13, staff measure summary, staff, 1 pp**
- M – HB 4054-B13, revenue impact statement, staff, 1 p**
- N – HB 4054-B13, revenue change graph, staff, 1 p**
- O – HB 4051A, written testimony, R. Thorpe, 1 p**
- P – HB 4056A, -A4 amendments dated 6-26-02, staff, 10 pp**
- Q – HB 4051A, -A20 amendments dated 6-26-02, staff, 6 pp**
- R – HB 4051A, -A21 amendments dated 6-26-02, staff, 6 pp**
- S – HB 4055A, -A7 amendments dated 6-26-02, staff, 7 pp**
- T – HB 4052B, -B3 amendments dated 6-26-02, staff, 1 p**
- U – HB 4059A, -A3 amendments dated 6-26-02, staff, 6 pp**
- V – HB 5091B, proposed selective program reductions (updated), staff, 4 pp**
- W – HB 5091B, -B7 amendments dated 6-26-02, staff, 28 pp**
- X – HB 5091B, proposed budget note, Sen. Hannon, 1 p**
- Y – HB 5091B, written testimony, G. Kerans, 1 p**