

## SENATE SPECIAL SESSION COMMITTEE ON REVENUE

June 19, 2002 Hearing Room A  
9:00 a.m. Tapes 15 - 16

**MEMBERS PRESENT:**        **Sen. Ted Ferrioli Chair**  
                                  **Sen. Joan Dukes**  
                                  **Sen. Bill Fisher**  
                                  **Sen. John Minnis**  
                                  **Sen. Cliff Trow**

**STAFF PRESENT:**         **Paul Warner, Administrator**  
                                  **Nancy Masee, Administrative Support**

**MEASURE/ISSUES HEARD:**  
                                  **HB 4050A Work Session**  
                                  **HB 4052A Work Session**  
                                  **HB 4056A Work Session**

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 15, A</b>		
004	Chair Ferrioli	Convenes meeting at 9:30 am. Explains delay in distributing agendas and other. Rules allow posting and meeting at the call of the chair.
<b>WORK SESSION HB 4050A</b>		
040	Dick Yates	Legislative Fiscal Office (LFO). Explains the bill. Extends the sunset from January 2004 to January 1, 2007 with respect to the telecommunications tax which is 75 cents per month per line for access to 911. Explains services and revenue.
057	Chair Ferrioli	Asks for questions from the committee.
061	Hasina Squires	Association of Pubic Safety Communications Officials Int. and National Emergency Number Association. Explains the 911 charges and where the money goes.
080	Sen. Minnis	What percentage is operating?
094	Squires	Twenty percent. Explains where the money goes in the fund.
100	Sen. Trow	Asks if there are statistics on the 911 system. Says his impression is that their track record is very good.
123	Squires	Responds that each local center would have statistics. Oregon was the first western state to implement phase 2 wireless enhanced technology deployed recently in Douglas and Josephine counties. Describes expansion.
128	Sen. Trow	Asks about statistics regarding the public in terms of lives saved, property value saved.
142	Squires	Answers there are statistics but not with her.
137	Chair Ferrioli	Comments on importance of communications during the twin towers destruction in New York in 2001.
177	<b>Sen. Minnis</b>	<b>MOTION: Moves HB 4050 to the floor with a DO PASS recommendation.</b>
178		<b>VOTE: 5-0</b>
	<b>Chair</b>	<b>Hearing no objection, declares the motion CARRIED.</b>

**SEN. MINNIS will lead discussion on the floor.**

Chair Ferrioli

Closes work session. Opens work session on HB 4052.

**HB 4052 WORK SESSION**

192 Warner Explains HB 4052. Implementing statutory language to accompany HJR 80. Gives the treasurer flexibility in managing the Oregon Growth Account and portfolio of the new stability fund in order to make the transfer to the state school fund on May 1. Explains the -2 amendments.(**EXHIBIT A**)

210 Sen. Trow Asks about the use of interest money for grant proposals. Explains there is an effort to maintain that as long as possible.

223 Warner Answers that is correct. The more that is transferred through HJR 80, the smaller the interest earnings will be.

221 Sen. Dukes Asks about the other bills related.

240 Warner Answers there are a series of bills in the committee relating to HJR 80. Discusses the related bills HB 4056 and HB 4059.

263 Chair Ferrioli Asks for further questions.

270 Cindy Hunt LC. Explains the HB 4052A -2 amendments.

290 Sen. Trow Asks about what applies to subsection that is being changed.

**291 Sen. Minnis MOTION: Moves to ADOPT HB 4052-2 amendments dated 6/19/02.**

**292 Minnis VOTE: 3-2**  
**AYE: 3 - Fisher, Minnis, Ferrioli**  
**NAY: 2 - Dukes, Trow**

295 **Chair Ferrioli The motion CARRIES.**

311 Sen. Dukes Explains why she cannot support this.

**312 Sen. Fisher MOTION: Moves HB 4050 to the floor with a DO PASS AS AMENDED recommendation.**

**313 Chair Ferrioli VOTE: 3-2**  
**AYE: 3 - Fisher, Minnis, Ferrioli**  
**NAY: 2 - Dukes, Trow**

314 **Chair Ferrioli The motion CARRIES.**

**316 Chair Ferrioli SEN. FISHER will lead discussion on the floor.**  
Closes work session on HB 4052. Opens work session on HB 4056.

**HB 4056 WORK SESSION**

405 Dick Yates Explains the bill and amendments.(**EXHIBIT B**)

434 Harrison Conley LC. Explains the -2 amendments. Discusses four changes in the amendments. Page 2, line 2, explained. Explains refunding bonds. Department of Administrative Services (DAS) and Treasury have a cooperative relationship but one does not direct the other.

**TAPE 16A**

004 Conley Continues explaining the amendments.

009 Chair Ferrioli Asks for questions.

011 Sen. Fisher Asks if this is a required responding, or is it may respond?

018 Conley Responds that DAS requests the Treasurer to issue. Explains the process.

026 Chair Ferrioli Asks if there is a connection between the failure of HJR 80 and issuance of the bonds.

028 Conley Explains Section 9 indicates when sec 1 – 8 become operative. That being if HJR 80 is not approved by the people at a special election on September 17. Refers to page 5, lines 41 to 44. Continues explanation.

045

Chair Ferrioli

Adjourns committee subject to call of the Senate floor at 10:05  
a.m.

Submitted By,

Reviewed By,

Nancy Masee  
Administrative Support

Paul Warner  
Administrator

**EXHIBIT SUMMARY**

**A – HB 4052, -2 amendments, Staff, 1 p**

**B – HB 4056, -2 amendments, Staff, 2 pp**

# SENATE SPECIAL SESSION COMMITTEE ON REVENUE

June 19, 2002 Hearing Room A  
6:00 p.m. Tapes 17

**MEMBERS PRESENT:** Sen. Ted Ferrioli, Chair  
Sen. Joan Dukes  
Sen. Bill Fisher  
Sen. John Minnis  
Sen. Cliff Trow

**STAFF PRESENT:** Paul Warner, Administrator  
Patsy Wood, Administrative Support

**MEASURE/ISSUES HEARD:** HB 4050A Work Session  
HB 4054A Work Session

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 17, A</b> 002	Chair Ferrioli	Calls the meeting to order at 6:36 p.m. and opens a work session on HB 4050A which extends period during which 9-1-1 emergency communications tax is imposed on telephone service subscribers.
<b><u>WORK SESSION HB 4050A</u></b>		
	Sen. Dukes	Asks how this is back in committee when the bill had been previously passed out of committee.
	Chair Ferrioli	Responds that the bill was put back in committee from the Senate floor.
	Dick Yates	Legislative Revenue Economist. Explains the A2 amends which delete "2007" on page 1, line 13, and insert "2008" ( <b>EXHIBIT A</b> ).
	Sen. Minnis	Moves the A2 amendments.
	Sen. Trow	Points out this is a substantive change to the bill.
	Chair Ferrioli	A2 amendments adopted with Sen. Fisher a "no".
	Sen. Minnis	Moves HB 4050A to the floor DO PASS AS AMENDED.
	Chair Ferrioli	No objection. Sen. Minnis will carry.
	Chair Ferrioli	Closes the work session on HB 4050A and recesses the committee at 6:40 p.m. until 7:30 p.m.
	Chair Ferrioli	Reconvenes the committee at 7:41 p.m. and opens a work session on HB 4054A appropriating money by raising cigarette taxes.
<b><u>HB 4054A WORK SESSION</u></b>		
	Dick Yates	Introduces the A2 amendments to HB 4054A ( <b>EXHIBIT B</b> ). Explains the amendments section by section.
	Sen. Dukes	Asks if tax is retroactive to July 1, 2002.
	Yates.	The bill takes effect 30 days after the election, but sections of the bill are retroactive to ...
	Sen. Minnis	Moves the A2 amendments.

Sen. Dukes	Asks if this is going to conference committee to move the bill along
Chair Ferrioli	
Sen. Fisher	Section 5, Subsection 3
Yates	Says the tax is 27.5 mils per cigarette
Sen. Fisher	So there is a different stamp for different pack sizes
Yates	Yes.
Sen. Fisher	
Chair Ferrioli	
Sen. Fisher	
Yates	Bill changes the payment made to purchase cigarette stamps and will involve processing in Jan 2003. Department says it is minimal and will absorb that cost.
Chair Ferrioli	Section 11 – who is actual taxpayer
Mark Gardner	Philip Morris. Urges committee to maintain... ___ is the ultimate payer of the tax. Important accountability... says Section 11 and 12 delete an important consumer protection which is a disclosure of the amount of tax as part of the purchase price.
Sen. Trow	What is the origin of amendment
Yates	DOJ made comments to counsel.
Gardner	Says this disclosure has not been deleted when the tax has been raised.
Sen. Dukes	Asks when applies
Yates	From July 2002 on
Dexter Johnson	Legislature counsel. Says DOJ was concerned about language in lines 16 thru 18 on page ___ relating to ORS _____. Says the tax has to be retroactive on the distributor b/c you cannot retroactively tax consumers.
Chair Ferrioli	
Sen. Minnis	
Johnson	Earliest bill could go into effect is October 18.
Minnis	Asks why there is language
Johnson	Says there is not ... ORS 323.030
Sen. Minnis	Says the inconsistent language makes him uncomfortable to move this.
Sen. Fisher	Asks about the retroactivity of distributor paying taxes from July 1 to October 18, but cannot charge the consumer.
Johnson	Says there is a period of uncertainty where distributor does not know the tax imposed. Distributors tell Revenue the number of packs distributed and the tax will be retroactively imposed on those.
Chair Ferrioli	
Johnson	Describes retroactive taxes
Chair Ferrioli	Asks for case law
Johnson	Relates 1993 Atlantic Richfield court case where a tax was retroactively imposed.
Chair Ferrioli	...asks who is responsible for the tax and how much/.
Johnson	Says distributor is responsible, but price is unknown until voters vote.
Sen. Fisher	Feels this overcharges individuals

Sen. Trow	
Johnson	Doesn't believe so . . . lines 24 thru 26
Sen. Trow	So if it came out, it wouldn't change the bill.
Johnson	No.
Sen. Trow	Asks if not essential, why fight over it.
Sen. Minnis	Calls for the motion. Says this bill needs to get into a conference committee to fix the flaws.
Chair Ferrioli	Passes A2 amendments 4-1 Fisher no.
Sen. Trow	Moves 4054A as amended DO PASS.
Sen. Fisher	Voices objections to this legislation
Sen. Minnis	Courtesy vote in committee, vote no on floor
Chair Ferrioli	Has problems with this bill also. DOJ could have made this a stand alone bill (sections 11 & 12). Tax is hard on rural communities where tobacco use is high.
Chair Ferrioli	Moves to floor DO PASS AS AMENDED. 4-1 Fisher no. Sen. Trow will carry.
Chair Ferrioli	Closes the work session and recesses the meeting at 8:15 p.m.

Submitted By,

Reviewed By,

Patsy Wood,  
Administrative Support

PAUL WARNER,  
Administrator

**EXHIBIT SUMMARY**

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