

HOUSE SPECIAL SESSION COMMITTEE ON BUDGET RESTORATION

5th Special Session

September 12, 2002 Hearing Room 343
11:45 a.m. Tapes 25 - 26

MEMBERS PRESENT: Rep. Ben Westlund, Chair
 Rep. Alan Bates
 Rep. Richard Devlin
 Rep. Cedric Hayden
 Rep. Betsy Johnson
 Rep. Susan Morgan
 Rep. Lane Shetterly

VISTING MEMBER: Speaker Mark Simmons

STAFF: Paul Warner, Administrator
 Linda K. Gatto, Assistant

MEASURES HEARD: **HB 4076A - Public Hearing and Work Session**
 HB 4073 - Work Session
 HB 4074A - Work Session
 Introduction of Committee Bills
 HB 5100 - 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 25, A		
003	Chair Westlund	Calls the meeting to order at 12:10 and opens the public hearing on HB 4076A.
<u>HB 4076A – PUBLIC HEARING</u>		
019	Paul Warner	Administrator. Explains the HB 4076A-13 (EXHIBIT A) amendments change the rate adjustments that were proposed in HB 4076. Line three deletes the 9.6 percent and replaces it with 9.5 percent. States that Section 11 submits the proposal to a special election.
051	Chair Westlund	Inquires if there is any public testimony, (none received). Closes the public hearing on HB 4076A and opens the work session on HB 4076A.
<u>HB 4076A – WORK SESSION</u>		
052	Rep. Shetterly	Proposes a conceptual amendment in Section 11, HB 4076A-13 amendments, lines nine and ten, page three, states that he prefers to delete the remainder of the sentence after “throughout this state”, and insert on December 10 or December 17.
065	Rep. Morgan	Asks what the date would be if Section 11 is left blank.
073	Rep. Shetterly	Responds that the date would need to be determined when HB 4075 is adopted.
087	Chair Westlund	Recesses the committee momentarily.

108	Rep. Shetterly	Explains that lines four and five establish this as a two year tax but discussions have been about three years. Proposes to delete lines four and five, page three.
129	Rep. Shetterly	MOTION: Moves to CONCEPTUALLY AMEND HB 4076A-13 amendments by deleting lines four and five, page three. VOTE: 7-2 AYE: Bates, Devlin, Johnson, Morgan, Shetterly NAY: Hayden, Westlund
136	Chair Westlund	The motion CARRIES.
137	Rep. Shetterly	MOTION: Moves that HB 4076A-13 be CONCEPTUALLY AMENDED by deleting the language beginning with “as provided” through the end of the sentence and insert “on December 10, 2002”
148	Rep. Bates	Notes the pros and cons of the December 10 date. Explains that before the first of the year it will be difficult to pass at the polls. Expresses that more time is required, at least until February 10 and they also need time to talk to the caucus.
176	Chair Westlund	Acknowledges his concerns. Expresses that in regard to the question of campaign, either the voter is willing to receive the message or not. Adds that in regard to the vote in caucus, and speaking for himself he would entertain that motion if the vote count is there.
203	Rep. Shetterly	Notes for the record that December has been the date discussed over the last few days. Adds that as a matter of practicality, it is a tax question affecting tax year 2002 and it makes sense to get the question answered in 2002.
228	Rep. Hayden	Comments that the case can be made in this timeframe, it is cleaner to keep the 2002 tax question in 2002.
245	Rep. Devlin	Comments on the disagreement of whether an increase is needed or not, and whether it should be by enactment or referral. Notes the December forecast will be public approximately 11 days before the December election date.
300	Chair Westlund	Notes the effort expended on both sides and the dedication of Speaker Simmons.
337	Rep. Morgan	Proposes that the process be moved along.
344	Rep. Bates	Concurs, wants more discussion.
358		Representative Devlin, Bates, and Johnson are courtesy votes.
360	Chair Westlund	VOTE: 7-0 The motion CARRIES.
365	Rep. Shetterly	MOTION: Moves HB 4076A as CONCEPTUALLY AMENDED to the floor with a DO PASS recommendation.
388	Chair Westlund	States for the record that Representatives Morgan, Westlund, and Bates are courtesy yes votes and Rep. Hayden is no vote. VOTE: 6-1 AYE: Westlund, Bates, Devlin, Johnson, Morgan, Shetterly NAY: Hayden
391	Chair Westlund	The motion CARRIES.
394	Speaker Simmons	States for the record that there have been considerable discussions regarding the election dates. States that the support for this will evaporate if the referral is moved to next year, and this bill is an opportunity to ask the people of Oregon if a tax

383	Chair Westlund	increase is appropriate at this time.
417	Chair Westlund	Recesses the committee to the call of the chair. Reconvenes the meeting at 4:29 p.m. and opens a work session on HB 4073.
<u>HB 4073 – WORK SESSION</u>		
420	Dick Yates	Legislative Revenue Office. Notes that there have been a number of amendments which have been rolled into HB 4073-9 (EXHIBIT B) amendments and essentially replaces the bill. Explains the changes.
TAPE 26, A		
028	Rep. Shetterly	Asks if this is a ten year term.
031	Yates	Responds that the expected payout is approximately the year 2012 or 2013 and the maximum maturity date is the year 2015 or 2016.
052	Rep. Devlin	Asks how long the commitment for the OHSU reserve is.
062	Yates	Responds that they are 20 year bonds.
068	Chair Westlund	Invites witnesses from the Oregon State Treasury.
070	Kate Richardson	Oregon State Treasury. Reviews the HB 4073–9 amendments.
081	Chuck Smith	Oregon State Treasury. States that the interest rate is estimated at 4.86 percent or maybe 4.76 percent in today’s current market.
101	Richardson	States that the Treasury is disappointed in the defeat of the tax bill on the floor. States he is concerned that this does not address the structural deficiencies in the next session.
101	Chair Westlund	Explains that this is not the committee’s first choice.
106	Rep. Bates	Asks if there is a figure for the actual cost in interest.
108	Smith	Answers that the estimate is 4.86 percent.
112	Rep. Bates	Requests the amount in dollars.
120	Smith	Answers it will be approximately \$60.6 million a year and includes principal and interest payments.
121	Rep. Bates	States he would like to see what the interest payment is.
125	Yates	Responds it is approximately \$124 million.
130	Rep. Bates	States for the record that they will probably ask the governor to veto this package.
140	Rep. Shetterly	MOTION: Moves that HB 4073-9 amendments BE ADOPTED.
142		VOTE: 6-1 AYE: 6 - Devlin, Hayden, Johnson, Morgan, Shetterly, Westlund NAY: 1 – Bates The motion CARRIES.
148	Chair Westlund	MOTION: Moves HB 4073 AS AMENDED to the floor with a DO PASS recommendation.
149	Rep. Shetterly	VOTE: 6-1 AYE: 6 - Devlin, Hayden, Johnson, Morgan, Shetterly, Westlund NAY: 1 – Bates The motion CARRIES. REP. WESTLUND will lead discussion on the floor.
150		
167	Chair Westlund	REP. WESTLUND will lead discussion on the floor.
168	Chair Westlund	Closes the work session on HB 4073 and recesses the committee at 4:42 p.m.
172	Chair Westlund	Reconvenes the meeting at 5:30 p.m. and opens a work session on HB 4074A.
<u>HB 4074A - WORK SESSION</u>		
169	Dallas Weyand	Legislative Fiscal Office. Provides an overview of HB 4074-A3

		(EXHIBIT C) and HB 4074A-4 (EXHIBIT D) amendments. Explains that HB 4073 essentially eliminates the reduction of the cap on the distribution of lottery funds to county fairs.
198	Chair Westlund	Explains that this bill was referred back to committee.
199	Weyand	Provides an overview of HB4074-A4 amendments. Explains that HB 4074-A4 amendments direct the Department of Human Services to distribute \$1.2 million in equal proportions to safety net clinics that are not federally qualified health centers.
207	Rep. Johnson	Asks in reference to HB 4074-A3 amendments, as a rhetorical question, why are county fairs being re-funded when other, examples, clean water and clean sewer, and cuts in the police force are not being refunded.
251	Rep. Morgan	MOTION: Moves HB 4074A-3 and HB 4074A-4 amendments BE ADOPTED.
267	Rep. Johnson	Vote explanation.
270	Rep. Bates	Vote explanation. VOTE: 5-2 YEA: Westlund, Devlin, Hayden, Morgan, Shetterly NAY: Johnson, Bates
272	Chair Westlund	The motion CARRIES.
275	Rep. Morgan	MOTION: Moves HB 4074 AS AMENDED to the floor with a DO PASS recommendation.
278	Chair Westlund	VOTE: 5-2 YEA: Westlund, Devlin, Hayden, Morgan, Shetterly NAY: Johnson, Bates The motion CARRIES. REP. HAYDEN will lead discussion on the floor.
289	Chair Westlund	Closes the work session on HB 4074 and recesses the committee at 5:37 p.m. Reconvenes at 5:44 p.m. and opens the work session on introduction of committee bills.
<u>INTRODUCTION OF COMMITTEE BILLS</u>		
305	Chair Westlund	MOTION: Moves LC 25 BE INTRODUCED as a committee bill. (EXHIBIT E)
307	Chair Westlund	Hearing no objection, declares the motion CARRIED.
308	Chair Westlund	Closes the work session on bill introduction and opens a work session on HB 5100.
<u>HB 5100 - WORK SESSION</u>		
352	Chair Westlund	Recess for approximately one minute.
323	Ken Rocco	Legislative Fiscal Office. Reviews HB 5100-5 amendments, (EXHIBIT F). Explains that HB 5100 is the disapprobation bill that will be used in this session budget rebalancing plan. Reviews the section.
352	Rep. Johnson	Clarifies that he is reviewing Section 2, page 19 and asks if this is the salary adjustments that were added back in as a result of actions taken in Special Session 3.
361	Rocco	Refers to the selective cut list, (EXHIBIT G) and notes the changes. Refers to the description by agency list, (EXHIBIT H).
TAPE 25, B		
002	Rep. Johnson	Refers to (EXHIBIT H) and asks why there is a specific amount of MUPL money reduced in the preceding table.
009	Rocco	Answers that (EXHIBIT H) is General Fund only, MUPL

		money is not included.
011	Rep. Shetterly	Expresses concern that the across the board reductions are from the Special Session 3 remaining General Fund balance and does not take into account the cut that the Judicial branch already took.
025	Chair Westlund	Appreciates Rep. Shetterly’s statement. Comments that the Judicial Branch has already taken the largest percentage of General Fund reductions.
044	Rep. Bates	Asks if there is another \$40 million in across-the-board-cuts in this bill.
052	Rocco	Responds affirmatively. States there is approximately \$47 million in targeted cuts and \$40 million in additional across-the-board-cuts, not including K-12
054	Rep. Bates	Asks how much federal match money will be lost in DHS and other programs if the \$40 million across-the-board-cuts are carried out.
057	Rocco	Responds the DHS total cut would be approximately \$16 million.
061	John Britton	Legislative Fiscal Office. Notes that it will depend how DHS’s share of the \$40 million is implemented. Explains if they are taken from primarily General Funds only, the percentage will be less, but the specifics are unknown.
080	Rep. Bates	Comments on the lack of availability of the details. Expresses concern about what is optimal to fund and what is not.
083	Rep. Devlin	Asks where in the bill is the controlling language for the \$40 million in across-the-board-cuts.
085	Rocco	Responds that the bill does not state \$40 million in across-the-board-cuts. This is the end result of the disapprobation’s.
090	Rep. Johnson	Asks if the changes marked in grey are different from the agreements that the reduction committee made.
104	Rocco	Answers affirmatively, only what was changed has been marked in grey.
118	Rep. Morgan	MOTION: Moves HB 5100–5 amendments BE ADOPTED. States for the record that Rep. Johnson is a courtesy vote. VOTE: 7-1
		YEA: Westlund, Bates, Hayden, Johnson, Morgan, Shetterly
		NAY: Devlin
127	Chair Westlund	The motion CARRIES.
130	Rep. Morgan	MOTION: Moves HB 5100 AS AMENDED to the floor with a DO PASS recommendation.
133	Chair Westlund	Hearing no objection, the motion CARRIES.
137	Chair Westlund	Closes the work session on HB 5100 and recesses the committee at 6:00 p.m. to the call of the chair.
142	Chair Westlund	Reconvenes and adjourns the meeting at 8:15 p.m.

Submitted By,

Reviewed By,

Linda K. Gatto,
Committee Assistant

Marjorie Taylor,
Administrator

EXHIBIT SUMMARY

- A . HB 4076A-13 amendments dated 9/11/02, staff, 3 pp.**
- B. HB 4073-9 amendments dated 9/12/02, staff, 19 pp.**
- C. HB 4074A-3 amendments dated 9/12/02, staff, 1 p**
- D. HB 4074A-4 amendments dated 9/12/02, staff, 1 p**
- E. LC 25 dated 9/12/02, staff, 5 pp.**
- F. HB 5100-5 amendments dated 9/12/02, staff 21 pp.**
- G. Proposed Special Session 5 Selective Program Reductions, staff, 5 pp.**
- H. 2001 – 2003 Across-the-Board Reductions With No K-12 Pro-Rate, staff, 3 pp.**