

CONFERENCE COMMITTEE ON HB 4073B

Fifth Special Session of 71st Legislative Assembly

September 17, 2002 Hearing Room 50
9:55 PM Tape 1

MEMBERS PRESENT: **Rep. Ben Westlund, Chair**
 Rep. Alan Bates
 Rep. Betsy Johnson
 Rep. Susan Morgan
 Rep. Lane Shetterly
 Sen. Roger Beyer
 Sen. Bev Clarno
 Sen. Ryan Deckert

STAFF PRESENT: **Richard Yates, Legislative Revenue Office**
 Patsy Wood, Committee Assistant

MEASURE/ISSUES HEARD: **HB 4073B 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 1, A		
004	Chair Westlund	Calls the conference committee to order at 9:57 p.m. and opens a work session on HB 4073B.
<u>HB 4073B WORK SESSION</u>		
010	Richard Yates	Legislative Revenue Office. Explains HB 4073B sells a portion of the payment stream that comes from the Master Settlement Agreement (MSA) to a separate corporation which in turn will issue bonds with the net proceeds of those bonds going into the state school fund. States that the House-passed version of this bill directs \$400 million be issued with a maturity not to exceed 14 years; the Senate version directs \$150 million be issued with maturity not to exceed 8 years. Submits the B13 amendments which delete \$150 million in the Senate version and increase that to \$200 million (EXHIBIT A).
029	Rep. Shetterly	MOTION: Moves to ADOPT HB 4073B-13 amendments dated 09/15/02.
036	Kate Richardson	State Treasurer's Office. States that she would prefer to testify after the committee has decided upon a final amount and length of time.
042	Rep. Bates	Discusses the compromises that have occurred this special session and stresses the importance of the \$50 million being restored in the bill.
069	Rep. Shetterly	Contends the \$50 million is more of a bicameral issue than an R & D (Republican and Democrat) issue. Says that even though he made the motion as a courtesy to the Chair, he is inclined to defer to the Senate at this time, and revisit the issue of additional school funding in January.

088	Chair Westlund	Appreciates the courtesy motion, but says that \$200 million is more appropriate at this time.
100	Sen. Deckert	Indicates that after polling the floor of the Senate, there seems to be majority support from both floors to pass this legislation with the additional \$50 million and sine die.
114	Sen. Clarno	Notes her objections to this motion.
127	Rep. Shetterly	Amends his previous comments and says he will support the motion.
132	Chair Westlund	VOTE: Notes that with Sen. Beyer and Sen. Clarno voting “no”, and a majority needed from both houses, the motion to adopt the B13 amendments fails.
141	Rep. Shetterly	MOTION: Moves HB 4073B to the floor with the recommendation that the House CONCUR in Senate amendments dated 9/15/02 and REPASS the Measure.
148	Rep. Morgan	Regrets \$50 million not being restored to K-12, but says there will be options in January for the Legislature. Regretfully supports the motion.
161	Rep. Bates	Notes his objection to the motion without the \$50 million for K-12.
166	Rep. Shetterly	States his desire to revisit additional school funding next session, but says he will be a courtesy “yes” vote to get this out of committee.
180	Chair Westlund	Understands concerns but notes how much this \$50 million has been previously debated.
187		VOTE: 5-3 AYE: 5 - Rep. Morgan, Rep. Shetterly, Sen. Beyer, Sen. Clarno, Chair Westlund NAY: 3 - Rep. Bates, Rep. Johnson, Sen. Deckert
191	Chair Westlund	The motion Carries. REP. WESTLUND will lead discussion on the HOUSE floor.
199	Kate Richardson	State Treasurer’s Office. Asks for guidance from the committee on how to structure the payoff.
209	Chair Westlund	Asks about the difference in percentage of available MSA stream over a “short” or “long” payment period.
213	Richardson	Notes that the interest cost difference is under 4% for both.
221	Yates	Points out that the State Treasurer has latitude in which to structure this deal and submits figures with a four-year payoff (EXHIBITS B & C).
247	Rep. Shetterly	Talks about obligating the largest share of the stream to keep the total cost of funds as low as possible.
261	Rep. Morgan	Wants to explore the timeline for issuance; wonders if there is time to revisit this when they return for the next regular session.
269	Richardson	Notes that the first issuance would be March or April so the next legislature could revisit this statute. Says that the State Treasurer’s office would need a 30-day lead time to restructure the deal.

277	Rep. Shetterly	Asks if these bonds could be looked at for revision if it is necessary to look at additional school funding if another deficit occurs in the December forecast.
282	Richardson	Replies affirmatively.
284	Rep. Bates	Wonders how long it would take to start this bonding process over if the \$150 million failed tonight.
291	Richardson	Says it would take 90 days because it would be a new project.
296	Chair Westlund	Points out that waiting until January to start this process would be about the same time for issuance as this bonding proposal tonight.
303	Richardson	Asks for clarification that this proposal should be structured in the shortest timeframe as possible.
306	Chair Westlund	Says that he does not want to utilize all the Master Settlement Agreement dollars.
314	Richardson	Responds that the Treasurer's office is just looking for direction from committee.
318	Chair Westlund	Notes the importance of leaving some flexibility for next session.
332	Richardson	Replies that the committee would be achieving their purpose by giving the State Treasurer direction as if nothing changes, but they would also retain the flexibility to revisit the issue if circumstances do change.
337	Rep. Shetterly	Talks about coming back in January and revisiting the issue for more money, but for the \$150 million in question tonight, use the shortest duration.
350	Rep. Morgan	Suggests going ahead with the proposal tonight, but wants to protect their options if another special session is called before the next regular session in January.
362	Chair Westlund	Acknowledges that there is some flexibility with this bonding issue. Adjourns the conference committee at 10:17 p.m.

Submitted By,

Reviewed By,

Patsy Wood,
Committee Assistant

Marjorie Taylor,
Committee Administrator

EXHIBIT SUMMARY

A – HB 4073B, B13 amendments dated 9/15/02, submitted by staff, 1 pg.

B – Model Bonding of MSA Payment Stream with proceeds at \$150 million, dated 9/17/02, submitted by staff, 1 pg.

C – Model Bonding of MSA Payment Stream with proceeds at \$200 million, dated 9/17/02, submitted by staff, 1 pg.