

HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

May 01, 2001
8:30 AM

Hearing Room D
Tapes 63 - 64

MEMBERS PRESENT: Rep. Jerry Krummel, Chair
 Rep. Chris Beck, Vice-Chair
 Rep. Patti Smith, Vice-Chair
 Rep. Alan Brown
 Rep. Bill Garrard
 Rep. Jim Hill
 Rep. Deborah Kafoury
 Rep. Jeff Kruse
 Rep. Steve March
 Rep. Carolyn Tomei
 Rep. Kelley Wirth

STAFF PRESENT: Matt Wingard, Committee Administrator
 Pamela Johansen, Committee Assistant

MEASURE/ISSUES	HEARD:	HJR	33	Work	Session	
Session				HB	2057	Work
					HR 6 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 63, A		
001	Chair Krummel	Calls meeting to order and opens a work session on HR 6.
		<u>HR 6 WORK SESSION</u>
006	Matt Wingard	Committee Administrator. Gives overview of HR 6.
009	Rep. Hill	MOTION: Moves HR 6 be sent to the floor with a BE ADOPTED recommendation.
012		VOTE: 7-0-1-3
		AYE: 7- Beck, Brown, Garrard, Hill, March, Smith P., Krummel
		EXCUSED: 1 – Kafoury
		ABSENT: 3 – Kruse, Tomei, Wirth
	Chair Krummel	The motion Carries.
		REP. SMITH P. will lead discussion on the floor.
021	Chair Krummel	Closes the work session on HR 6 and opens work session HB 2057.
		<u>HB 2057 WORK SESSION</u>
023	Randall Edwards	Oregon State Treasurer. Testifies in support of HB 2057. Submits and refers to written testimony (EXHIBIT A) and (EXHIBIT B). Comments there are several factors that ensure the success of the fund and most are incorporated in both HB 2057 and HJR 33.
110	Rep. Hill	Asks for clarification on the methods to draw money out of this fund.

137	Edwards	Responds that Lynn Lundquist could probably answer that question more appropriately.
142	Rep. Hill	Would like some clarification on the mechanism that triggers this to take effect. Asks if the current consecutive quarter decline in the economy represents one of the criteria.
160	Edwards	Responds he cannot confirm if the criteria have currently been met but could get the information and return to the committee for discussion.
167	Rep. Garrard	Asks why the legislature should set up this fund in a year when the budget is so tight.
180	Edwards	Comments this is a proactive approach and will be setting up the framework for any future slow down in the economy.
197	Rep. Hill	Asks that in the event of a catastrophic occurrence such as an earthquake would these dollars be accessible.
212	Edwards	Concurs with the point. Comments access for those emergencies should be part of the discussion. States this is about 9% compared to other states that are at 5% which is a pretty large fund.
233	Chair Krummel	Clarifies that the –2 are the amendments being discussed (EXHIBIT C) .
240	Lynn Lundquist	Oregon Business Association, President (OBA). Explains the focus of the OBA. Testifies in support of HB 2057. Discusses the reasoning for not putting a fixed dollar cap on the fund and the floor of \$250 million.
340	Rep. Hill	Asks what is the rationale for the 9%.
342	Lundquist	Responds that other states fund between 9% and 11% and would allow enough dollars in the fund to be of use.
355	Rep. Hill	Asks how would the dollars be accessed.
346	Lundquist	Explains the 3% trigger.
TAPE 64, A		
051	Rep. Hill	Asks for more clarification on catastrophic events that would access this fund.
071	Lundquist	Responds you can have a flat economy and not have unemployment. It is designed to be difficult to get into. Comments it isn't perfect but the public is not in favor of a fund that doesn't have strict provisions.
102	Rep. Hill	Expresses concern that we are locking up funds that can't be accessed when needed.
119	Lundquist	Comments that conversations with the public show they would not support any savings plan without some stringent guidelines that keep the legislature from easily accessing the funds for other purposes.
134	Rep. Hill	Asks for Article 9 of the Constitution to be explained in more detail.
149	Lundquist	Responds that Revenue and Fiscal would be the ones to make the determination of when the triggers have been met.
159	Rep. Garrard	Comments this plan leaves a lot of room for manipulation in the future. Asks to repeat how the funds could be accessed.
172	Lundquist	States the funds can only be tapped after the fund reaches \$250 million dollars.
176	Rep. Garrard	Refers to—4 amendments on line 15 section 15. Asks for clarification
180	Rep. Hill	Comments the statutory version has a \$250 million dollar trigger and the constitutional version has the 9% trigger. Asks for

		clarification.
191	Lundquist	Responds that the interest earnings shall be transferred to the general fund after reaching the 9% level.
204	Rep. Garrard	Asks if there can be more than 9% in the fund.
208	Lundquist	Comments no there should not be more than the 9% cap in the fund. States the excess interest will go into general fund to be used for other needs.
227	Rep. March	Comments this is a new concept and may need to be work out over time. Asks if the Legislative version could be done as a model.
243	Lundquist	Responds the idea needs to be in statutes so it will be utilized for the specific purposes only for an economic downturn.
263	Rep. Hill	Defends the legislative process. Asks if Paul Warner of Legislative counsel would come to committee and explain in detail some of the language of the bill.
302	Lundquist	States this is too big of an issue and will do whatever it takes to make it a reality.
325	Rep. Beck	Comments this fund can be established and not put into the constitution and would the OBA support that process
330	Lundquist	Responds they would support that choice.
332	Rep. Beck	Asks if other states include the stabilization plan in the constitution.
338	Lundquist	Say he does not have specifics but could get that information to the committee.
346	Rep. Beck	Expresses concern that there is no funding source allocated. Asks if the OBA would be receptive to opening up a funding source.
379	Lundquist	Comments they would be open to that suggestion. States this is a beginning.
403	Rep. Hill	Comments he is comfortable with the statutory version today but feels the constitutional amendment needs more work.
414	Rep. Beck	Asks which measure is best to proceed with at this time.
014	Lundquist	Responds the statutory measure is the most complete of the two bills.
020	Rep. Tomei	Praises the OBA and all their work on this bill.
025	Lori Wimmer-Whelan	Oregon Education Association (OEA). Comments OEA supports HB 2057 but would like to see a few changes. Gives overview of suggested changes.
091	Rich Peppers	Oregon Public Employees Union (OPEU). Testifies in support. Comments OPEU would support further clarification of triggers.
123	Duncan Wyse	Oregon Business Council (OBC). Testifies in support of HB 2057. Comments this is a great bill and we should plan for the future instead of reacting to it. Discusses the different mechanisms that trigger the fund.
162	Rep. Beck	Asks if the OBC would support the process of identifying a funding source at this time.
169	Wyse	States he would encourage that many sources be reviewed.
179	Chair Krummel	Refers to HJR 33 –4 amendments on line 25, page 2. Confirms the suggested language change.
184	Wyse	Responds that “revenues for the general fund” would more reflect the intent than the word “appropriations”.
194	Chair Krummel	Asks if all the references to appropriations should be changed.

196	Wyse	Comments this should also be changed.
201	Rep. Hill	Discusses the language change of appropriation versus revenues.
224	Bob Shiprack	Oregon State Building and Construction Trades Council. Testifies in support of HB 2057. States the creation of this type of fund would have a large impact on the economy. Suggests that Paul Warner of Legislative Counsel come to the committee to speak on this measure.
257	Bill Perry	Oregon Restaurant Association (ORA). Testifies in support of HB 2057. States in a slow economy this measure would help protect bond ratings and current service levels as income taxes decline.
299	Chair Krummel	Asks if the ORA support the current amendments.
309	Perry	Comments they were acceptable.
316	Rep. Kruse	Supports the concept of the rainy day fund but has concerns over the triggers to access those funds and would like to see a secure funding source further investigated.
341	Chair Krummel	Discusses possible funding sources.
347	Rep. Kruse	States there are many options available and would like to see a solid funding mechanism established.
379	Rep. Tomei	Comments the first step is getting the legislature to agree that this is a great idea and then to debate a funding source.
TAPE 64, B		
005	Chair Krummel	Opens for discussion on the bill and amendments.
011	Rep. Kafoury	Agrees with the OBC and would like to see Legislative Counsel address the language of appropriation versus revenue.
022	Rep. Wirth	States she is comfortable with HJR 33 as is but is hesitant on the statutory version at this time.
040	Rep. Beck	Comments there is a lot of interest in this idea and would like to see the Treasurer and some of the interest groups sit down and have a discussion on funding sources.
069	Rep. Kafoury	Disagrees with the idea of waiting. Says we need to proceed with the idea first and find a funding source later. Comments the funding source will be a large undertaking and could slow the process too much.
102	Rep. Kruse	Serves notice of possible minority report.
105	Chair Krummel	States he would like to work on the language and bring the bills back to the committee for the May 3, 2001 meeting. Closes the work session on HB 2057 and adjourns the meeting at 10:09 a.m.

Submitted By,

Reviewed By,

Pamela Johansen,
Committee Assistant

Matt Wingard,
Committee Administrator

EXHIBIT SUMMARY

A – HB 2057, written testimony, Randall Edwards, 2pp.

B – HB 2057, written testimony, Randall Edwards, 2pp.

C – HB 2057, -2 proposed amendments, Staff, 3pp.

D – HJR 33, -4 proposes amendments, Staff, 3pp.

E – HB 2057, -2 fiscal analysis, Staff, 1p.
F – HB 2057, -2 revenue impact, Staff, 1p.
G – HJR 33, -4 fiscal analysis, Staff, 1p.
H – HJR 33, -4 revenue impact, Staff, 1p.