

**HOUSE SCHOOL FUNDING AND TAX
FAIRNESS/REVENUE COMMITTEE**

FEBRUARY 14, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (2:11 arrived)

Representative Deborah Kafoury, Vice Chair (1:58 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Clark Seely, Department of Forestry

Bart Thielges, Forest Research Lab

Jean Thorne, Governor's Office

Kristina McNitt, Small Woodlands Association

Ray Wilkeson, Oregon Forest Industries Council

TAPE 47, SIDE A

- 005 Chair Shetterly Meeting called to order at 1:46 p.m.
- 006 LRO Staff Distributed flyer for brown bag lunch on February 15 to discuss sustainability and tax policy. (Exhibit 1)

OPENED PUBLIC HEARING ON HB 2161

- 015 LRO Staff Amendment distributed. (Exhibit 2)
- 021 Kristina McNitt Presented testimony in support of measure and endorsed the (1) amendment. (Exhibit 3)

OPENED PUBLIC HEARING ON HB 2159

- 062 Richard Yates Provided a description of the measure and discussed the background. (Exhibit 4)
- 085 Craig Seely Presented testimony in support of measure. (Exhibit 5)
- 131 Bart Thielges Presented testimony in support of measure. (Exhibit 6)
- 161 Rep. Brown What are the total dollars generated by the assessments?
- 163 Thielges Approximately \$2 - 2.2 million, depending on the level of harvest.
- 171 Seely Reviewed the Governor's budget figures for the Forest Practices Program and the Forestry Assistance Program; noted that both are multi-funded.
- 184 Rep. Beck What is the entire budget of each program, and what percentage of that is general fund dollars?
- 191 Seely Offered to provide an estimate for both programs; gave an approximate estimate for each program.
- 214 Thielges Discussed budget breakout for his organization.
- 231 Rep. Bates "Is the General Fund money matched by federal funds and are the grants from Oregon State University dependent on those monies?"
- 238 Thielges Concurred.
- 246 Kristina McNitt Presented testimony in support of measure. (Exhibit 7)

- 274 Ray Wilkeson Spoke in support of the measure.
- 342 Chair Shetterly Is another funding source being sought?
- 346 Wilkeson Discussed possible alternative funding sources.

REOPENED PUBLIC HEARING ON HB 2161

- 368 Wilkeson Spoke in support of the measure.
- 407 Chair Shetterly Referenced the (-1) amendments, and questioned how that increase of the credit might impact utilization. (Exhibit 2)
- 414 Wilkeson The industry would be positively affected.

TAPE 48, SIDE A

OPENED PUBLIC HEARING ON HB 2299

- 020 Paul Warner Provided a description of the measure and reviewed the issues facing the stabilization fund. (Exhibit 8)
- 103 Questions and discussion regarding whether the principle will be drawn on or not?
- 172 Warner Clarified that for this measure the trigger would be if revenue were 2% below the forecast.
- 178 Jean Thorne Presented testimony in support of measure. (Exhibit 9)
- 230 Chair Shetterly Questions and discussion regarding §3, page 2, lines 16-41 of the printed measure and the third bullet in Thorne's testimony, (Exhibit 9), which requires a referral in order to access the fund and process questions on how the legislature would budget, before or after sine die.
- 260 Rep. Hass "What is the purpose of a referral once the trigger points are hit?"
- 266 Thorne To address concerns the public may have as to access to the fund by the legislature.
- 284 Jim Craven Spoke to measure and discussed capitalization of the fund; spoke of concerns relating to the funding mechanism.
- 316 Members Questions and discussion regarding:
1. The role this Committee plays in the process and how this measure relates to other measures addressing this issue?

2. What funding mechanisms are being used in other measures to create the principle?
3. Feasibility of the Common School Fund and the Education Endowment Fund being incorporated into a stabilization fund; the mechanism may already exist and just require a constitutional change.

450 Warner Provided historical perspective on the Common School Fund and the Education Endowment Fund and how that may impact incorporating one or both of them into a stabilization fund.

TAPE 47, SIDE B

035 Continued with questions and discussion regarding utilizing the Common School Fund and Education Endowment Fund for a stabilization fund.

066 Chair Shetterly Meeting adjourned at 2:45 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Handout, Flyer, LRO Staff, 1 page
2. HB 2161, (-1) amendment, (DJ/ps) 02/14/01, LRO Staff, 1 page
3. HB 2161, Testimony, McNitt, 1 page
4. HB 2159, Staff Measure Summaries and Fiscal statement, Yates, 3 pages
5. HB 2159, Testimony, Seely, 4 pages
6. HB 2159, Testimony, Thielges, 20 pages
7. HB 2159, Testimony, McNitt, 1 page
8. HB 2299, Staff Measure Summary and flow chart, LRO Staff, 2 pages
9. HB 2299, Testimony, Thorne, 1 page