

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

JANUARY 21, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Members Excused: Representative Deborah Kafoury, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Larry Niswender, Legislative Fiscal Office

TAPE 58, SIDE A

004 Chair Shetterly Meeting called to order at 1:48 a.m. Briefed the
Committee of what is happening with this
measure.

OPENED WORK SESSION ON HB 2098

015 Richard Yates Provided a description of the measure and discussed the background. (Exhibit 1)

031 Larry Niswender Provided measure background. (Exhibit 2)

050 Yates Reviewed revenue impact, (Page 1, Exhibit 1).

058 Rep. Beck **MOTION: MOVED HB 2098 TO THE HOUSE FLOOR WITHOUT RECOMMENDATION AS TO PASSAGE AND THE BILL BE REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS.**

069 Vice Chair Carlson Noted her support for this motion.

074 Rep. Bates Noted areas of discussion for the Ways and Means members and spoke in support of the motion.

085 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Williams, Witt, Carlson, Chair Shetterly

REPRESENTATIVES EXCUSED: Kafoury

OPENED WORK SESSION ON HB 2778

095 Lizbeth Martin-Mahar Provided a description of the measure and discussed the background. (Exhibit 3)

111 Chair Shetterly "For the record we have been in conversations with Ways and Means on the K-12 issue. The co-chairs are aware of this measure and the intent of actions."

115 Rep. Witt **MOTION: MOVED HB 2778 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

121 Vice Chair Carlson "For the record measures of this nature affect not only K-12, but also county funding. Counties provide a great number of safety net services that the State does not provide. I will be cognizant as we look as these sort of measures and not assume because the revenue impact is local that is fine. I will support this bill, not because I don't believe it ought broader, but this is about as far as we can get this session."

137 Rep. Bates "For the record this bill directly affected the area in which I come from in making it more competitive with other areas by bringing a large business in. I need to weigh the losses to school funds and counties against family wage jobs and the revenue produced from those. I will be voting for the measure."

138 Rep. Brown "I will support the measure in this form although I too feel it should be broader — it is a start in the right direction."

141 Rep. Beck "I will be voting no, but may vote differently on the floor. I am always concerned when we impact local revenues and monies to schools. I would prefer that we work on broader tax."

163 Chair Shetterly Spoke of his qualified support for the bill on two levels:

1. "If it is good policy, which I believe it is, then I would like to go all the way with this thing."
2. "We have an agreement that this measure will be approved if it goes to the Governor and so I am willing to do what we can."

Noted the impact to counties and codified language and will continue in conversation with Ways and Means regarding this.

190 **ROLL CALL VOTE: MOTION PASSED 7-1-1**

REPRESENTATIVES VOTING AYE: Bates, Brown, Hass, Williams, Witt, Carlson, Chair Shetterly

REPRESENTATIVES VOTING NAY: Beck

REPRESENTATIVES EXCUSED: Kafoury

Rep. Williams will carry the bill.

OPENED WORK SESSION ON HB 2035

200 Chair Shetterly Reviewed the last hearing and related conversation with Mr. Barber of Sacred Heart Hospital; his amendments are before you, but he is not here to present them. (Exhibit 5)

- 221 Rep. Witt **MOTION: MOVED HB 2035 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 222 Rep. Witt Spoke to the motion - reviewed 1999 work on the assessment and taxation (A & T) system and noted that a number of the documents included in the plan are not directly related to real property. "Would have concerns in carving out one exception to the broad-based agreement. I think it is too early to readdress this issue; I will be voting no."
- 250 Chair Shetterly Referenced a listing of documents not related to real property and are subject to the A & T and mapping fee provided by Riddell and Stern. (Exhibit 4)
- "This is not a case where just one document was missed, but clearly there is a larger list that is in the same boat as the medical services liens and therefore I have a problem pulling those out."
- 278 Vice Chair Carlson "I will be voting yes with the clear understanding that this will be the only exception that I am willing to support. I view it as a correction of a mistake that occurred last session, which I feel were confirmed in conversations with the Chair of the 1999 session."
- 298 Rep. Bates Requested members who served on Revenue in 1999 share their institutional memory as to whether this was something that was suppose to be exempted and wasn't.
- General consensus from the three returning members that they don't recall.
- 310 Rep. Witt Shared institutional memory from the 1999 session and discussion about things that weren't directly related to real property that were in the orbit of the filing fee so this comes as no surprise. Does not recall discussion regarding this particular lien, but liens like it was definitely discussed.
- 319 Rep. Williams "There was a lot of debate and discussion regarding this issue and the need for the counties to get additional revenue to fund the A & T function. There was a fair amount of discussion

that this was tied to the preemption of the real estate transfer tax issue. Does not recall specific discussion about the specific filing documents, including these before us today."

344 Chair Shetterly Noted the fee that attaches to these documents is at a level that works with the number of documents that are subject to the fee. The funding that is derived from this is specifically identified to A & T and the mapping system. "I'm reluctant to begin pulling bricks out of that wall because it was so specific, both to the program and the funding requirement."

360 Rep. Beck "This is about local services, just as HB 2778 was and I realize they are different funding programs, but at some level we are still talking about local services. I will be opposing the measure."

409 Rep. Witt "For the record HB 2035 and HB 2778 are targeted at different things and although one brings revenue and the other takes revenue away they have different policy objectives in mind."

431 **ROLL CALL VOTE: MOTION FAILED 1-7-1**

REPRESENTATIVES VOTING AYE: Carlson

REPRESENTATIVES VOTING NAY: Bates, Beck, Brown, Hass, Williams, Witt, Chair Shetterly

REPRESENTATIVES EXCUSED: Kafoury

432 LRO Staff Distributed the following materials to members:

1. (-1) Staff Measure Summary and Revenue statement. (EXHIBIT 6)
2. Document providing previously requested information submitted by Gil Riddell. (Exhibit 7)

434 Chair Shetterly Meeting adjourned at 2:16 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2098, Revenue statement, Staff Measure Summary and Fiscal statement, Yates, 4 pages
2. HB 2098, LFO Background Statement, LFO office, 2 pages
3. HB 2778, Fiscal statement, Martin-Mahar, 1 page
4. HB 2035, Listing of documents, Riddell, 2 pages
5. HB 2035, (-1) amendment, (BHC/ps) 02/20/01, Barber, 1 page
6. HB 2035, (-1) Staff Measure Summary and Revenue statement, Martin-Mahar, 2 pages
7. HB 2035, Submitted document, Riddell, 13 pages