

PUBLIC HEARING AND WORK SESSION: SB 279

WORK SESSION: SB 301 A-ENG.

PUBLIC HEARING: SB 520 A-ENG., SB 521 A-ENG.

TAPES 102 - 103 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MARCH 27, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:44 arrived)

Representative Deborah Kafoury, Vice Chair (1:44 arrived)

Representative Alan Bates (1:56 arrived)

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (2:15 arrived)

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Pamela D. Konstantopoulos, State Board
of Tax Service Examiners

Jason Williams, Taxpayer Association of Oregon

Dexter Johnson, Legislative Counsel

Mike Graine, Office of Energy

Steve Vincent, Avista Utilities

Tom O'Connor, Oregon Municipal Electric Utilities

Bernie Bottomly, Tri-Met

Cindy Finlayson, Portland General Electric

TAPE 102, SIDE A

004 Chair Shetterly Meeting called to order at 1:42 p.m.

OPENED PUBLIC HEARING ON SB 279

015 Paul Warner Described the (-1) amendments. (Exhibit 1)

035 Pamela Konstantopoulos Presented testimony in support of measure. (Exhibit 2)

066 Chair Shetterly "The dollar amounts in the (-1) amendments correspond with to the figures in the budget that has been approved by Ways and Means, correct?"

072 Konstantopoulos Concurred.

077 Rep. Beck "What is your preference, the measure as passed by Senate Revenue or amended by the (-1) amendments?" (Exhibit 1)

081 Konstantopoulos Am neutral to either version, "I just want to address our revenue situation".

087 Chair Shetterly Discussed the reasons why he had requested the amendments be prepared. (Exhibit 1)

095 Jason Williams Spoke in support of the (-1) amendments. (Exhibit 1)

OPENED WORK SESSION ON SB 279

110 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/21/2001 TO SB 279 BE ADOPTED.**

112 Rep. Witt **MOTION: MOVED SB 279 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

114 **ROLL CALL VOTE: MOTION PASSED 7-0-2**

**REPRESENTATIVES VOTING AYE:
Beck, Brown, Hass, , Witt, Carlson,
Kafoury, Chair Shetterly**

**REPRESENTATIVES EXCUSED: Bates,
Williams**

Rep. Witt will carry the bill.

OPENED WORK SESSION ON SB 301 A-ENG.

- 152 Paul Warner Reviewed what the measure does and reviewed prior testimony; distributed revenue and fiscal statements. (Exhibit 3)
- 164 Rep. Hass Questions and discussion regarding why Senate Revenue lowered the fine.
- 177 Vice Chair **MOTION: MOVED SB 301 A-ENG. TO
Kafoury THE HOUSE FLOOR WITH A DO PASS
RECOMMENDATION.**
- 178 Rep. Witt Referenced page 3, §3 (6) and questioned if the language "about to engage in" causes the Chair concern.
- 192 Chair Shetterly Does not think so; that is the basis on which an injunction would stand already in a regular court action.
- 196 Rep. Witt "For a cease and desist part that would make sense, but questions if it makes sense for a civil penalty."
- 199 Pamela The intent of the Board is that language would
Konstantopoulos apply only to a cease and desist order; cited examples of when the language would apply.
- 211 Chair Shetterly "Even though it is all in one sentence the language "about to engage in violation" would relate back only to the cease and desist order and not the imposition of a penalty."
- 214 Konstantopoulos Concurred.
- 219 Rep. Witt Does not believe that is what the language says, although that may be the intent of the Board.
- 232 Chair Shetterly Parsed the language and spoke to possible amendments that could limit the language to a cease and desist order and not the imposition of a penalty.

- 252 Rep. Witt Read language that would address his concerns.
- 267 Rep. Beck Questioned what the Board's desire is; "do you want to have the ability to slap a penalty on someone that there is strong reason to believe is about to engage in an illegal act?"
- 284 Konstantopoulos "The Board would like to be as proactive as possible to stop illegal activities as early as we are aware of them. We would like to retain the ability to proactively address a situation before consumers are harmed."
- 294 Rep. Hass Cited an example and asked what the remedy would be in that situation.
- 300 Konstantopoulos A civil penalty could be issued for the advertising, but a cease and desist could not be issued until a return is prepared.
- 309 Chair Shetterly "You couldn't issue a cease and desist order penalty?"
- 310 Konstantopoulos "If that phrase 'is about to engage in' was removed no."
- 312 Chair Shetterly Referenced language on page 3, §3, line 21, "which has 'threatened violation' and that relates to cease and desist."
- 320 Konstantopoulos Spoke to the condition of that phrase and her interpretation.?
- 321 Vice Chair I thought the two issues were being split; questioned how the Agency initially testified to this sort of situation and the remedy, (03/15/2001, Exhibit 6).
Carlson
- 324 Konstantopoulos "The whole paragraph refers to cease and desist order and when it can be issued; the cease and desist is only in cases where we have reason to believe the person has been, is, or is about to engage, as it is currently written." Spoke to circumstances that would allow the Board to issue civil penalties and cease and desist orders.
- 339 Chair Shetterly Requested that the committee hold off on moving the measure and consult with Legislative Counsel.
- 356 Dexter Johnson Spoke to what would need to be done at a minimum to address the Committee's concerns

and noted there might be a better remedy.

383 Rep. Witt Questioned why the Agency believes a five-fold increase in the maximum penalty is appropriate.

387 Konstantopoulos Spoke to examples in prior testimony, (Reference 03/15/2001, Exhibit 6)

MOTION TO MOVE SB 301 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION WITHDRAWN BY IMPLIED CONSENT.

TAPE 103, SIDE A

OPENED PUBLIC HEARING ON SB 520 A-ENG. And 521 A-ENG.

003 Ed Waters Provided a description of the measures and discussed the background. (Exhibits 4-6)

035 Mike Graineey Presented testimony in support of measures. (Exhibits 7-8)

073 Steve Vincent Presented testimony in support of measures. (Exhibits 9-10)

144 Rep. Witt Provided following information on five companion measures that deal with the energy crisis in the westerner United States:

1. Measures are a collaborative effort between the Senate, House, Governor's Office and Department of Energy.
2. Two measures deal with siting provisions and provided status on the measures.
3. These two measures deal with the conservation side.
4. The fifth measure is the low-income payment assistance fees that has passed the House and is currently in the Senate.

175 Tom O'Connor Spoke in support of the measure.

197 Cindy Finlayson Presented testimony in support of measures. (Exhibit 11)

213 Bernie Bottomly Presented testimony in support of measures. (Exhibit 12)

- 273 Chair Shetterly Discussed intent for the measures, noted the revenue impact for SB 520 and SB 521.
- 280 Rep. Witt Noted that a portion of both of the measures is in the Governor's budget.
- 287 Waters Reviewed the Governor's budget and what was allocated for each measure.
- 295 Vice Chair Carlson Questioned if the tabulation being kept by the Revenue Office factors the property tax impact with the general fund income tax impact and requested that counties be factored in, as well as the schools.
- 330 Rep. Bates Have the increases in energy costs that we will see in the next 12-18 months been factored into these measures?
- 332 Waters Discussed how the impacts are calculated. Questioned the Department of Energy if there are limits on certification if applications run higher than anticipated because of increased energy costs?
- 350 Graineey Not on that basis, explained the process and how something might not qualify for the tax credit.
- LRO Staff Entered written testimony from the Citizens' Utility Board of Oregon and Oregon Solar Energy Industries Association into the record. (Exhibits 13-14)
- 375 Chair Shetterly Meeting adjourned at 2:44 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 279, (-1) amendment, (DJ/hm/ps) 03/21/01, Konstantopoulos, 2 pages

2. SB 279, Testimony, Konstantopoulos , 4 pages
3. SB 301, Revenue and Fiscal statements, Warner, 1 page
4. SB 520, Excerpts from the Tax Expenditure Report, Waters, 6 pages
5. SB 520, Staff Measure Summary, Revenue and Fiscal statements, Waters, 4 pages
6. SB 521, Staff Measure Summary, Revenue and Fiscal statements, Waters, 4 pages
7. SB 520, Testimony, Graineey, 1 page
8. SB 521, Testimony, Graineey, 1 page
9. SB 520, Testimony, Vincent, 8 pages
10. SB 521, Testimony, Vincent, 2 pages
11. SB 520, Testimony, Finlayson, 1 page
12. SB 521, Testimony, Bottomly, 2 pages
13. SB 520, Testimony, Patterson, 1 page
14. SB 520, Testimony, Patterson, 1 page