

PUBLIC HEARING: HJR 42; HB 2074, HB 2131 A-ENG., HB 2280,

HB 2780, HB 3182, HB 3280, HB 3382, HB 3629

HB 3640, HB 3733 A-ENG., HB 3770, HB 3972

PUBLIC HEARING AND WORK SESSION: HB 2162, HB 3382, HB 3977

WORK SESSION: HB 2555

TAPE 158 A/B

TAPE 159 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

APRIL 27, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:40 arrived)

Representative Alan Bates (2:02 arrived)

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass (1:31 arrived)

Representative Max Williams (1:45 arrived)

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Steve Meyer, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Jim Green, Oregon School Boards Association

Ken Armstrong, Seattle Northwest Securities

Maria Keltner, Association of Oregon Counties/League of Oregon Cities

Nancy Brewer, City of Corvallis/League of Oregon Cities

Cathy Bloom, Eugene Water and Electric Board

Chuck Smith, Oregon State Treasury

Ray Craig, Department of Forestry

Rep. Tom Butler, Legislative House District 60

Don Schellenberg, Oregon Farm Bureau

Elizabeth Harchenko, Department of Revenue

Kristina McNitt, Oregon Small Woodlands Association

Jean Wilkinson, Oregon Farm Bureau

Robin Pelton, Mid-Willamette Valley Community Action Agency

TAPE 158, SIDE A

013 Chair Shetterly Meeting called to order at 1:18 p.m.

OPENED PUBLIC HEARING ON HB 3382

0 Richard Yates Provided a description of the measure and discussed the background and noted the (-1) amendments have been incorporated in the (-3) amendments, which will be introduced later. (Exhibits 1-3)

085 Ken Armstrong Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibit 3)

- 130 Chair Shetterly "Does the property tax base in the districts back the bonds?"
- 132 Armstrong Concurred.
- 133 Chair Shetterly "The mechanic of the payment for the participating districts the money comes off the top of the distribution of the School Fund formula?"
- 134 Armstrong Concurred.
- 136 Chair Shetterly "Would this effect property taxes?"
- 138 Armstrong "Yes, but no additional taxing mechanisms could be set up to cover the bonds."
- 142 Jim Green Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibit 3)
- 162 Yates "The money, for the purpose of payment of debt service, is not coming out of the State School fund before determination of the individual district grants, but it comes out of the money the State would otherwise to an individual district, correct?"
- 172 Green Yes, but noted that it is voluntary on the part of school districts, it is not mandatory.
- 183 Chair Shetterly Aren't school districts financing the Public Employees' Pension System (PERS) liability out of their general budget now?
- 191 Green Concurred, noted these are taxable bonds at the federal level.
- 199 Rep. Beck The \$75 million savings would be spread over how much time?
- 200 Green Described how the \$75 million savings are calculated.
- 220 Chuck Smith Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibit 3)
- 253 Maria Keltner Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibits 3-4)
- 264 Cathy Bloom Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibit 3)
- 290 Chair Shetterly Questioned if Keltner's testimony was in support of the (-3) amendments, which have the (-1) amendments incorporated, (Exhibits 2-3).

- 291 Keltner Yes.
- 292 Nancy Brewer Presented testimony in support of measure, as amended by the (-3) amendments. (Exhibit 3)
- 307 Vice Chair Referenced Keltner's testimony and questioned what would happen to counties with such a large proportion of "Unfunded 1999 Payroll", if this legislation does not pass, (Page 2, Exhibit 4)?
Carlson
- 316 Brewer Spoke to what has happened in the City of Corvallis.

OPENED WORK SESSION ON HB 3382

349 Rep. Witt **MOTION: MOVED LC (-3) AMENDMENTS DATED 04/27/2001 TO HB 3382 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Bates, Williams, Kafoury, EXCUSED)**

351 Rep. Witt **MOTION: MOVED HB 3382 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

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

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

REPRESENTATIVES EXCUSED: Bates, Williams,

Rep. Beck will carry the bill.

382 Chair Shetterly Recessed the meeting at 1:43 p.m.; reconvened at 1:47 p.m.

OPENED PUBLIC HEARING ON HB 2162

382 Richard Yates Provided a description of the measure and reviewed earlier testimony on the measure. Spoke to the (-2) amendments, which are the ones under consideration; distributed the (-1) amendments, which would move the sunset out. (Exhibits 6-8)

TAPE 159, SIDE A

018 Ray Craig Presented testimony in support of measure, as amended by the (-1) and (-2) amendments.

(Exhibits6, 8-9)

055 Chair Shetterly Recessed hearing.

OPENED WORK SESSION ON HB 2555

058 Rep. Tom Butler Spoke in support of the measure.

163 Rep. Hass Questions and discussion regarding whether other businesses that are "hardpressed" shouldn't have the same opportunities as this measure gives to farmers.

206 Don Schellenberg Spoke in support of the measure and echoed Rep. Butler's comments.

290 Rep. Witt **MOTION: MOVED HB 2555 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

297 **ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

Rep. Butler will carry the bill.

REOPENED PUBLIC HEARING ON HB 2162

313 Elizabeth Harchenko Spoke to the role the Department of Revenue would take in regards to this measure and noted for the record that Department of Revenue will work with the Department of Forestry to do everything they can to make it work for 2003-04 biennium, as it relates to this issue.

385 Chair Shetterly The Department of Revenue's budget can accommodate the process that is anticipated in the (-2) amendments, (Exhibit 8)?

391 Harchenko Yes, the Department of Revenue's budget anticipates what the (-2) amendments reflect, any change to the (-2) amendments would necessitate a change in our budget, (Exhibit 8).

396 Rep. Witt Does the Department of Revenue have rulemaking authority to address this problem if the Legislature does not in 2003?

398 Harchenko Spoke what would happen if the Legislature did nothing in the 2003 session.

453 Rep. Witt It is necessary for the Legislature to take some

action in 2003 and if not then the smaller forestland owners would fall under the industrial forest owners' statutes?

459 Harchenko Concurred.

TAPE 158, SIDE B

022 Kristina McNitt Presented testimony in support of measure. (Exhibit 10)

066 Jean Wilkinson Spoke in support of the (-2) amendments. (Exhibit 8)

OPENED WORK SESSION ON HB 2162

113 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/02/2001 TO HB 2162 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

114 Rep. Witt **MOTION: MOVED LC (-2) AMENDMENTS DATED 04/26/2001 TO HB 2162 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

117 Rep. Witt Does this need to go to Ways and Means?

119 Chair Shetterly There was not a subsequent referral, but with the fiscal impact and the (-2) amendments it should go to Ways and Means, as it also ties in with the Department of Revenue's budget.

127 Rep. Witt **MOTION: MOVED HB 2162 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION AND THE BILL BE REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS.**

137 **ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

OPENED PUBLIC HEARING ON HB 3977

140 Chair Shetterly This needs to be moved to Ways and Means?

142 Richard Yates Concurred, provided a description and discussed the background. Noted a problem with the measure, which can be addressed in Ways and Means.

OPENED WORK SESSION ON HB 3977

205 Rep. Williams **MOTION: MOVED HB 3977 TO THE HOUSE FLOOR WITHOUT RECOMMENDATION AS TO PASSAGE AND THE BILL BE REFERRED TO THE JOINT COMMITTEE ON WAYS AND MEANS.**

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

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

REPRESENTATIVES EXCUSED: Bates, Beck

OPENED PUBLIC HEARING ON HJR 42; HB 2074, HB 2131 A-ENG., HB 2280,

HB 2780, HB 3182, HB 3280, HB 3629, HB 3640, HB 3733 A-ENG., HB 3770, HB 3972

288 Robin Pelton Spoke in support of the HB 3640.

485 Chair Shetterly No testimony presented on HB 2131 A-Eng.

486 Chair Shetterly No testimony presented on HB 2780.

487 Chair Shetterly No testimony presented on HB 3629.

488 Chair Shetterly No testimony presented on HB 3770.

489 Chair Shetterly No testimony presented on HB 3733 A-Eng.

490 Chair Shetterly No testimony presented on HB 3182.

491 Chair Shetterly No testimony presented on HJR 42.

492 Chair Shetterly No testimony presented on HB 2074.

493 Chair Shetterly No testimony presented on HB 2280.

495 Chair Shetterly No testimony presented on HB 3280.

496 Chair Shetterly No testimony presented on HB 3972.

LRO Staff Distributed informational material for member review:

1. HB 3629, Staff Measure Summary and Fiscal Impact statement, submitted by Lizbeth Martin-Mahar. (Exhibit 11)

2. HB 2131 A-Eng., House Committee on Smart Growth and Commerce Staff Measure Summary and Fiscal statement, LRO Staff. (Exhibit 12)
3. HB 3733, House Committee on Smart Growth and Commerce Staff Measure Summary and Fiscal statement, LRO Staff. (Exhibit 13)
4. HB 2074, House Committee on Smart Growth and Commerce Staff Measure Summary, LRO Staff. (Exhibit 14)
5. HB 3029, Staff Measure Summary and Fiscal Impact statement, submitted by Lizbeth Martin-Mahar. (Exhibit 15)

479 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. HB 3382, Staff Measure Summary, Yates, 1 page
2. HB 3382, (-1) amendment, (DH/ps) 04/25/01, Linden, 1 page
3. HB 3382, (-3) amendment, (DH/ps) 04/27/01, Green, 5 pages
4. HB 3382, Testimony, Keltner, 13 pages
5. HB 3382, Testimony, Bloom, ? pages
6. HB 2162, (-1) amendment, (DJ/ps) 03/02/01, Chair Shetterly, 1 page
7. HB 2162, (-2) Staff Measure Summary and Revenue Impact statement, Yates, 2 pages
8. HB 2162, (-2) amendment, (DJ/ps) 04/26/01, Craig, 11 pages
9. HB 2162, Testimony, Craig, 2 pages
10. HB 2162, Testimony, McNitt, 2 pages
11. HB 3629, Staff Measure Summary, Martin-Mahar, 1 page
12. HB 2131, House Committee on Smart Growth and Commerce Staff Measure Summary and fiscal statement, LRO Staff, 3 pages
13. HB 3733, House Committee on Smart Growth and Commerce Staff Measure Summary and fiscal statement, LRO Staff, 2 pages
14. HB 2074, House Committee on Smart Growth and Commerce Staff Measure Summary, LRO Staff, 1 page

15. HB 3029, Staff Measure Summary and Fiscal Impact statement, Martin-Mahar, 2 pages