

PUBLIC HEARING AND WORK SESSION: SB 177 A-ENG., SB 745

PUBLIC HEARING: SB 397

TAPES 170 — 171 A/B

TAPE 172 A

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

MAY 7, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair (1:33 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:31 arrived)

Representative Bill Witt (1:45 arrived)

Members Excused: Representative Janet Carlson, 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: Jon Mangis, Department of Veterans'
Affairs

John Phillips, Department of Revenue

Dave Davis, Klamath County Schools

Virlena Crosley, Employment Department

Frank Richey, Employment Department

J. L. Wilson, National Federation of Independent
Business/Oregon Small Business Coalition

Tim Nesbitt, Oregon AFL-CIO

Robert Rader, Chemical Workers Local 109

Rufus Galloway, Sheetmetal Workers Local 16

Broc Greif, IAM Machinists

Steven Hillesland, IAM Machinist

Lisa Trussell, Associated Oregon Industries

TAPE 170, SIDE A

006 Chair Shetterly Meeting called to order at 1:22 p.m.

OPENED PUBLIC HEARING ON SB 177 A-Eng.

006 Lizbeth Martin- Described what the measure does and provided
Mahar background material. (Exhibit 1)

060 Dave Davis Spoke in support of the measure.
Questions and discussion regarding history of
overlapping districts.

119 John Phillips Presented testimony in support of measure.
(Exhibit 2)

OPENED WORK SESSION ON SB 177 A-ENG.

139 Rep. Beck **MOTION: MOVED SB 177 A-ENG. TO
THE HOUSE FLOOR WITH A DO PASS
RECOMMENDATION.**

141 **ROLL CALL VOTE: MOTION PASSED 6-
0-3* (Tape 172, Side A, 029 — Bates and Witt
vote aye. VOTE 8-0-1)**

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

REPRESENTATIVES EXCUSED: Carlson

Rep. Bates will carry the bill.

OPENED PUBLIC HEARING ON SB 745

- 159 Lizbeth Martin- Described what the measure does and provided
Mahar background material. (Exhibit 3)
- 179 Chair Shetterly Left at 1:36 p.m., passed gavel to Vice Chair
Kafoury.
- 185 Jon Mangis Spoke in support of the measure.

OPENED WORK SESSION ON SB 745

- 209 Rep. Williams **MOTION: MOVED SB 745 TO THE
HOUSE FLOOR WITH A DO PASS
RECOMMENDATION.**
- 212 **ROLL CALL VOTE: MOTION PASSED 5-
0-4* (Tape 172, Side A, 040 — Bates, Witt
and Chair Shetterly vote aye. VOTE 8-0-1)**

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

REPRESENTATIVES EXCUSED: Carlson

Rep. Williams will carry the bill.

OPENED PUBLIC HEARING ON SB 397

- 232 Richard Yates Presented slide show on Oregon's
Unemployment Tax System. (Exhibit 4)
- 035 Yates Continued with presentation and slide titled
"Two Groups of Schedules", (Page 3, Exhibit 4).

TAPE 171, SIDE A

- 002 Rep. Witt Questions and discussion regarding how
calculations on factored, (Page 6, Exhibit 4).
- 014 Yates Continued with presentation and slide titled
"Unemployment Compensation Trust Fund",
(Page 7, Exhibit 4).

Distributed Senate Staff Measure Summary,

Revenue and Fiscal Impact Statements. (Exhibit 5)

Chair Shetterly Returned at 1:52 p.m., Vice Chair Kafoury retained gavel.

114 Rep. Hass Currently how many weeks does someone qualify for on Unemployment Insurance (UI)?

Yates A claim is good for 26 weeks; noted that the fund balance is different from the number of weeks an individual can claim.

132 Rep. Witt Questions and discussion regarding:

1. What are the sources of the fund?
2. How does the Federal Unemployment Tax factor in?

140 Virlena Crosley Addressed Rep. Witt's prior questions on Federal UI taxes and how they are utilized in the State system.

165 Rep. Witt Is it a federal law that sets up the UI disbursement and determines the 26-week benefit period?

173 Crosley A federal law mandates each state must have a UI system, but the 26-week benefit period is a State statute.

200 Crosley Presented testimony in support of measure. (Exhibit 6)

257 Frank Richey Presented testimony in support of measure and described the tables submitted with Crosley's testimony, (Pages 4-8, Exhibit 6).

321 Crosley Concluded testimony in support of the measure, (Page 3, Exhibit 6).

344 Rep. Hass Questions and discussion regarding:

1. The 26 weeks of benefits payable and how it compares to other states.
2. What are the policy implications of lengthening the 26-week period?

TAPE 170, SIDE B

007 Rep. Witt Questioned if the underlying policy of the measure is that over-collection will continue,

even with rising unemployment, if status quo is maintained.

- 010 Crosley Concurred.
- 012 Rep. Bates Questions and discussion regarding whether a model has been run for a long-term recession.
- 071 Rep. Witt Questions and discussion regarding:
1. Current investment of the Trust Fund.
 2. If adjustments have been made to the Trust Fund in the past.
 3. Can comparisons be drawn for this period of economic prosperity and the 1960's economic prosperity?
- 117 Rep. Bates Questioned whether, during a significant prolonged recession, could the 26-week benefit be reduced or is it protected by statute.
- 125 Crosley No.
- 176 Rep. Hass Questions and discussion regarding:
1. Would require a 3/5 vote of the legislature be required to increase rates.
 2. What was the impact of the Senate Minority Report?
- 245 J. L. Wilson Presented testimony in support of measure. (Exhibit 7)
- 365 Tim Nesbitt Presented testimony in opposition to measure. (Exhibit 8)

TAPE 171, SIDE B

- 035 Nesbitt Continued with testimony in opposition to measure, (Page 3, Exhibit 8)
- 096 Rep. Witt Questions and discussion regarding:
1. To clarify Nesbitt's concern with the measure.

2. Given the current benefit levels required by law, even if SB 397 became law, is it actuarially sound to cover the benefits required.

- 127 Vice Chair Kafoury Referenced testimony on HB 3759 and questioned why that measure is no longer in affect, (Page 3, Exhibit 8).
- 130 Nesbitt Provided historical background on the program enacted by HB 3759.
- 147 Robert Rader Spoke in opposition to the measure.
- 188 Rufus Galloway Spoke in opposition to the measure.
- 225 Broc Grief Spoke in opposition to the measure.
- 288 Rep. Bates Questions and discussion regarding whether the benefits formula/number of weeks is affected by this measure.
- 342 Rep. Witt Referenced Greif's testimony and the statement that businesses are leaving Oregon because of the "cost of doing business"; questioned if this measure is not pro-employment because it lowers the cost doing business in Oregon.
- 360 Grief Does not believe this is a significant cost to an employer.
- 367 Steve Hillesland Spoke in opposition to the measure.
- 396 Lisa Trussell Spoke in support of the measure; referenced tables provided by the Department of Employment, (Pages 4-8, Exhibit 6).

TAPE 172, SIDE A

***REOPENED WORK SESSION ON SB 177 A-ENG.**

- 029 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS CONSENT TO SUSPEND THE RULES TO REOPEN THE WORK SESSION ON SB 177 A-ENG. FOR THE PURPOSE OF ALLOWING Bates and Witt TO VOTE. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**
- Bates and Witt BEING EXCUSED WHEN THE ROLL WAS CALLED, WERE GRANTED UNANIMOUS CONSENT TO BE RECORDED AS VOTING AYE ON SB 177 A-ENG.**

***REOPENED WORK SESSION ON SB 745**

040 Chair Shetterly **THE CHAIR REQUESTED UNANIMOUS CONSENT TO SUSPEND THE RULES TO REOPEN THE WORK SESSION ON SB 745 FOR THE PURPOSE OF ALLOWING Bates, Witt AND Chair Shetterly TO VOTE. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

Bates, Witt AND Chair Shetterly BEING EXCUSED WHEN THE ROLL WAS CALLED, WERE GRANTED UNANIMOUS CONSENT TO BE RECORDED AS VOTING AYE ON SB 475.

049 Vice Chair Meeting adjourned at 3:12 p.m.
Kafoury

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 177, Senate Staff Measure Summary, Revenue Impact and Fiscal statements, LRO Staff, 3 pages
2. SB 177, Testimony, Phillips, 2 pages
3. SB 745, Senate Staff Measure Summary, Revenue and Fiscal Impact statements, LRO Staff, 3 pages
4. SB 397, Slide Show on Unemployment Tax System, Yates, 9 pages
5. SB 397, Senate Staff Measure Summary, Revenue Impact and Fiscal statements, LRO Staff, 3 pages
6. SB 397, Testimony, Crosley, 8 pages
7. SB 397, Testimony, Wilson, 2 pages
8. SB 397, Testimony, Nesbitt, 15 pages