

## SENATE REVENUE COMMITTEE

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March 19, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator John Minnis

Senator Charles Starr

Members Excused: Senator Tony Corcoran

Senator Gary George

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Senator Jason Atkinson, SD 25

Debra Ringold

Kathy Rodeman

Michelle Deister, League of Oregon Cities

Jim Wadsworth, City of Portland, Bureau of Licenses

**TAPE 076, SIDE A**

007 Chair Ferrioli Meeting called to order at 8:37 a.m.

## OPENED PUBLIC HEARING ON SB 573

- 018 Steve Meyer Explained that SB 573 modifies data used in the calculation of the school equalization formula. It changes the average number of years of teacher experience used in the formula from current year to prior year data.
- 026 Sen. Jason Atkinson Testified in support of SB 573. Introduced the two speakers to follow.
- 051 Debra Ringold Testified in support of SB 573. Read Exhibit 3. At the present time, teacher experience is based on current year assessments that are often not finalized until the third or fourth quarter of the actual academic year. Basing the calculation on prior year data would make the budgeting process more accurate.
- 092 Kathy Rodeman Testified in support of SB 573 Exhibit 2. This bill would calculate teacher experience based on prior year instead of current year assessments and provide more accurate funding data.

Questions and answers followed.

## CLOSED PUBLIC HEARING ON SB 573

## OPENED PUBLIC HEARING ON SB 686

- 194 Meyer Stated that SB 686 modifies the calculation of minimum payment that school districts make to public charter schools in the district. It changes basis of minimum payment from school district General Purpose Grant per ADMw (average daily membership weighted) to General Purpose Grant per extended ADMw. The statewide average General Purpose Grant is estimated at \$4,995 per ADMw and \$4,940 per extended ADMw.
- 213 Debra Ringold Stated she had a different understanding of the bill. She thought the base would be changed in which the 80% or 95% would be allocated to extended ADMw, which is exactly the same

basis they use for the rest of the public school system. It would mean the charter schools, like all other schools, would look at current year's enrollment or prior year's enrollment... whichever was larger.

222 Kathy Rodeman Stated her understanding of the bill is that it would change the funding portion under the General Purpose Grant, and change the definition of General Purpose Grant for charter schools to be exactly the same as General Purpose Grant for public schools. Discussed a charter school situation in Corvallis.

Questions and answers interspersed.

300 Chair Ferrioli For clarification, explained that in the Corvallis situation the charter school received an amount that would have been distributed on an ADMw basis. But because the public schools that were not charter schools received the extended ADMw, they had more students to count and received more funding. It was not that the charter school lost anything...it was that the charter school did not gain anything relative to the public schools. Admonished that people must stop calling a lack of increase a "cut" in this funding process. It is not the correct terminology. Asked if there is a reason to treat public charter schools differently from those that are not public charter schools.

315 Rodeman Responded that charter schools have been treated differently already. Charter schools have waivers in terms of requirements, they have \$100,000 grants for start-up costs, and they have the ability to operate with less expensive staff because only half have to be licensed. Believes they should be funded on the extended ADMw basis.

Questions and answers followed.

340 Meyer Responded to a question that charter school

students are included as part of a district's total.

Further comments, with questions and answers interspersed.

381 Rodeman Explained that the omission of the word "extended" in the charter school bill resulted in public charter schools receiving almost \$200 more per student than public schools. The Department of Education had to divide all the revenue generated under the state school funding formula by the current number of students in the public school district, rather than the extended number.

435 Meyer Extensive discussion of charter schools, ADMw, and extended ADMw.

Questions and answers interspersed.

#### **TAPE 077, SIDE A**

036 Various Continued comments, and questions and answers.

CLOSED PUBLIC HEARING ON SB 686

OPENED PUBLIC HEARING ON SB 448

074 Ed Waters Explained that SB 448 requires that political subdivisions imposing income taxes use the taxable income base defined in Oregon Statutes, including apportionment rules in ORS 314. The bill requires adding back to Oregon taxable income any deduction taken for state income tax purposes for the political subdivision's tax or fee. The bill seems to specifically apply to Multnomah county business income tax and to Portland business licenses.

092 Michelle Deister Testified against SB 448. Read Exhibit 10. This bill appears to prohibit taxes based on gross receipts or revenue. This could have implications on municipal franchise fees

imposed on utility and telecommunications companies as well as business license taxes.

- 119 Jim Wadsworth Testified against SB 448. Stated that Portland has had a business license tax since 1861. Cities and counties license businesses for regulatory and revenue purposes in a variety of ways; i.e. square footage, number of employees, number of rental units, gross receipts, net income, or a combination of any of these factors. Prior to 1975 gross receipts were used to calculate the fee due. In 1975 the business community was involved in reviewing the business license law and determined that a net income based fee was a more equitable way for businesses to contribute their fair share to support Portland's city services. In 1990 and 1992 further changes were made. The City of Portland is opposed to SB 448. See Exhibit 11 for details.

#### CLOSED PUBLIC HEARING ON SB 448

- 222 Paul Warner Outlined the bills to be discussed in Senate Revenue this week.
- 253 Chair Ferrioli Reiterated there would be no further hearings on school funding issues until a response was received by Mr. Ozzie Rose and his group on recommendations regarding funding issues.
- 269 Warner Added that the Oregon Tax Incidence Model was released on March 16, 2001.
- 280 Chair Ferrioli Meeting adjourned at 9:23 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 573, Meyer, Staff Measure Summary, 1 pp.
2. SB 573, Rodeman, Written testimony undated, 1 pp.
3. SB 573, Ringold, Written testimony dated March 19, 2001, 1 pp.
4. SB 686, Meyer, Revenue Impact Statement, 1 pp.
5. SB 686, Meyer, Staff Measure Summary, 1 pp.
6. SB 686, Rodeman, Written testimony undated, 1 pp.
7. SB 686, Ringold, Written testimony dated March 19, 2001, 1 pp.
8. SB 448, Waters, Fiscal Impact Statement, 1 pp.
9. SB 448, Waters, Revenue Impact Statement, 1 pp.
10. SB 448, Deister, Written testimony undated, 1 pp.
11. SB 448, Wadsworth, Written testimony dated March 19, 2001, 3 pp.