

SENATE REVENUE COMMITTEE

March 20, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: J. L. Wilson, National Federation of Independent Business

Shawn Miller, Oregon Grocery Industry Association

Tim Nesbitt, President, Oregon AFL-CIO

Lisa Trussell, Associated Oregon Industries

Virlina Crosley, Director, Oregon Employment Department

TAPE 078, SIDE A

005 Chair Ferrioli Meeting called to order at 8:35 a.m.

014 Paul Warner Made announcements regarding upcoming committee discussions. Discussed release of Oregon Tax Incidence Model (OTIM), which was recently distributed to committee members. Advised members the Tax Incidence Model would be a useful tool in analyzing major proposals. General discussion regarding aspects of the OTIM.

Various questions and answers interspersed.

OPENED PUBLIC HEARING ON SB 397

138 J. L. Wilson Testified in support of SB 397. Exhibit 2. NFIB represents over 13,000 small business owners in Oregon. Because Oregon employers finance the unemployment trust fund, and because there is currently \$1.75 billion in the fund and worst-case scenarios require only \$1.38 billion, the time is right to consider lowering unemployment insurance rates paid by employers.

Further comments, and questions and answers followed.

188 Shawn Miller Testified in support of SB 397. Stated it is nice to have the Employment Department endorse a bill that lowers rates, which is not often the case.

216 Tim Nesbitt Testified against the bill. Read Exhibit 3. In summary:

- Current law already provides a mechanism for employer rate reductions, and that mechanism has just generated a \$90 million reduction for employers this year;
- Changing the law to provide additional rate reductions is not only unwarranted, but imprudent, since this change is based on economic assumptions that may prove to be overly optimistic; and
- Any action to reduce employer rates should be considered in the context of a

thorough review of the adequacy of benefits for laid-off workers, particularly with the onslaught of plant closures and production curtailments across Oregon.

Questions and answers followed.

307 Chair Ferrioli Stated he understood Mr. Nesbitt's position as President of the AFL-CIO of Oregon, and that it is important to heed the concerns brought forth. On the other hand, should not rates to employers be reduced to alleviate their financial concerns.

Further questions and answers.

433 Lisa Trussell Testified in support of SB 397. Members of Associated Oregon Industries (AOI) are very appreciative that the Employment Department brought this bill forward.

Questions and answers followed.

TAPE 079, SIDE A

045 Virlina Crosley Testified in support of SB 397. Discussed \$12 million cap for dislocated timber workers that occurred in the early 1990s. It took two biennia to spend the \$12 million.

Questions and answers interspersed.

098 Vice Chair L. Beyer Asked Ms. Crosley if her staff could provide information on projected energy industry-related layoffs before this bill is voted on.

101 Crosley Stated she could provide information later in the week, but that the numbers are nowhere near the timber-related layoffs seen in the early 1990s.

Further comments, with questions and answers interspersed.

127 Chair Ferrioli Discussed the downturn of the aluminum industry and its ramifications in mid-Columbia area. Asked Ms. Crosley if it was her professional opinion that unemployment insurance taxes are being over-collected, and that the economy could very easily afford a lowering of them, to which she answered "Yes".

Further comments, and questions and answers followed.

188 Chair Ferrioli Stated he did not see a downside to moving SB 397 at this time.

Further discussion regarding aluminum industry in Oregon.

More questions and answers interspersed.

CLOSED PUBLIC HEARING ON SB 397

OPENED WORK SESSION ON SB 397

351 Sen. Starr MOTION:

MOVES SB 397 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

356 Sen. Castillo Gave notice of intention to request minority report.

378 Sen. Corcoran Gave notice of intention to request minority report.

382 Vice Chair L. Beyer Stated he would rather not move SB 397 today, but was generally supportive of aspects of the bill. Requested the Employment Department to determine what it would take to parallel Washington State's actions regarding impact of NAFTA changes and current energy crisis. Would like to see that report before SB 397 reaches the Senate Floor.

403 Chair Ferrioli ORDER:

ROLL CALL VOTE: MOTION PASSES: 5 —
2 — 0

SENATORS VOTING AYE: GEORGE,
MINNIS, STARR, L. BEYER, FERRIOLI.

SENATORS VOTING NO: CASTILLO,
CORCORAN.

Sen. Starr will carry the bill on the Senate
Floor.

405 Sen. Castillo SERVED NOTICE OF A POSSIBLE
MINORITY REPORT.

410 Chair Ferrioli General discussion regarding aspects of SB
397.

Comments, and questions and answers
interspersed.

TAPE O78, SIDE B

021 Chair Ferrioli Continuation of general discussion.

055 Chair Ferrioli Adjourned meeting at 9:32 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 397, Yates, Fiscal Impact Statement, 1 pp.
2. SB 397, Wilson, Written testimony dated March 20, 2001, 1 pp.

3. SB 397, Nesbitt, Written testimony dated March 20, 2001, 6 pp.