

**PUBLIC HEARING AND WORK SESSION**

**SB 177, SB 509**

**TAPES 065-066, A**

**SENATE REVENUE COMMITTEE**

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**March 7, 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 Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Steve Meyer, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Randy Hildebrand, Office of Senator Bev Clarno

Dr. Peter Tarzian, Superintendent, Falls City School District

Sandy McNabb, parent

Senator Steve Harper, SD 30

John Phillips, Department of Revenue, Property Tax

Division

**TAPE 065, SIDE A**

- 005 Chair Ferrioli Meeting called to order at 8:35 a.m.
- 017 Paul Warner Discussed SB 509. The bill modifies the distance for remote small elementary schools to qualify for additional student weight. It changes the minimum distance from 8 miles to the nearest elementary school to 8 miles to the nearest elementary school in the same school district. Exhibits 1 and 2.
- Questions and answers interspersed.
- 033 Chair Ferrioli Advised members that change in the funding formula will be felt by the entire ADMw across the state. It will redistribute funds. Reminded committee members that the 20 schools to benefit from passage of this bill have been constrained by an artificial ceiling that prevented them from participating in the small school distribution because they were within 8 miles of another elementary school, regardless if that other school was in another school district. Believes this is the first reasonable step toward addressing the entire small school issue.
- Comments, questions, and answers from committee members interspersed.

OPENED PUBLIC HEARING ON SB 509

- 099 Randy Hildebrand Testified in support of SB 509. Read written testimony on behalf of Sen. Bev Clarno. Exhibits 3 and 4.
- 151 Dr. Peter Tarzian Testified in support of SB 509. Discussed Exhibit 5. Said that SB 509 is focused on placing the 20 small schools, left out of the correction process because of proximity, on equal footing with the rest of the small schools that are receiving the correction. This is an equity issue, and a fairness issue.

Questions and answers followed.

242 Sen. Castillo Stated that the entire school system is under-funded, and will not reduce funding to other schools just to benefit these 20. Thinks the \$3.3 million should come from another source.

263 Chair Ferrioli Advised the committee that, in fact, support for the entire system comes from the small schools. All schools, except the 20 addressed in SB 509 have already been adjusted down.

296 Sen. Minnis Contrary to Sen. Castillo's view, feels the school system is over-funded. Wants to help these 20 small schools.

343 Sandy McNabb Testified in support of SB 509.

CLOSED PUBLIC HEARING ON SB 509

OPENED WORK SESSION ON SB 509

430 Sen. Starr MOTION:

MOVES SB 509 TO THE SENATE FLOOR  
WITH A DO PASS RECOMMENDATION.

437 Sen. Minnis Will vote for this bill, but asked for clarity from the committee regarding small and rural school funding protection. Asked if this is the Small Schools Initiative, then would like someone to declare that. He will have to answer to his constituents regarding reductions in their funding for the benefit of these 20 schools.

454 Chair Ferrioli Accepted the responsibility of returning to the committee with formula adjustments that will be administered to all the funding bills. Thanked Sen. Minnis for his support of this bill.

**TAPE 066, SIDE A**

019 Sen. Corcoran Will support this bill, but agrees with Sen. Castillo. Feels one group should not be disadvantaged for the benefit of another. Feels the \$3.3 million should be found elsewhere to support these 20 schools.

044 Sen. Castillo Stated if the \$3.3 million to supplement the 20 schools could be found without taking it from already severely under-funded school districts she would support the bill. However, since that is not the case, she will not support this bill.

050 Chair Ferrioli ORDER:

ROLL CALL VOTE: MOTION PASSES: 5 —  
1 — 1

SENATORS VOTING AYE: CORCORAN,  
GEORGE, MINNIS, STARR, and FERRIOLI.

SENATOR VOTING NO: CASTILLO

SENATOR ABSENT: L. BEYER

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

CLOSED WORK SESSION ON SB 509

OPENED PUBLIC HEARING ON SB 177

065 Lizbeth Martin-  
Mahar Discussed SB 177. The bill establishes tax zones for school districts for the purpose of imposing property taxes at different tax rates and amounts on assessed value. Will have minimal revenue impact. The (-1) amendments establish an effective date for the bill as 90 days after the end of the 2001 legislative session. The (-2) amendments require boundary changes for establishment of a tax zone to be recorded in final form with the county assessor and Department of Revenue.

Questions and answers interspersed.

152 Sen. Steve Harper Testified in support of SB 177.

173 John Phillips Testified in support of SB 177. Discussed Exhibits 10 and 11.

CLOSED PUBLIC HEARING ON SB 177

OPENED WORK SESSION ON SB 177

208 Sen. Minnis MOTION:  
  
MOVES (-1) AMENDMENTS TO SB 177 BE ADOPTED.

210 Chair Ferrioli ORDER:  
  
HEARING NO OBJECTION, THE CHAIR SO ORDERED.

213 Sen. Minnis MOTION:  
  
MOVES (-2) AMENDMENTS TO SB 177 BE ADOPTED.

215 Chair Ferrioli ORDER:  
  
HEARING NO OBJECTION, THE CHAIR SO ORDERED.

218 Sen. Minnis MOTION:  
  
MOVES SB 177 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

222 Chair Ferrioli ORDER:  
  
HEARING NO OBJECTION, MOTION PASSES: 6 — 0 — 1

SENATOR ABSENT: L. BEYER

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

225 Chair Ferrioli Adjourned the meeting at 9:19 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 509, Warner, Staff Measure Summary, 1 pp.
2. SB 509, Warner, Revenue Impact Statement, 2 pp.
3. SB 509, Hildebrand, Written testimony dated February 13, 2001, 1 pp.
4. SB 509, Hildebrand, Newspaper article, 1 pp.
5. SB 509, Tarzian, Written testimony dated March 7, 2001, 1 pp.
6. SB 177, Martin-Mahar, (-1) amendments, (DJ/ps) 1/23/01, 1 pp.
7. SB 177, Martin-Mahar, (-2) amendments, (DJ/ps) 3/5/01, 3 pp.
8. SB 177, Martin-Mahar, Staff Measure Summary, 2 pp.
9. SB 177, Martin-Mahar, Revenue Impact Statement, 1 pp.
10. SB 177, Phillips, Klamath School District Overlap, 5 pp.
11. SB 177, Phillips, School District Tax Zones, 4 pp.