

## HOUSE COMMITTEE ON GENERAL GOVERNMENT

March 25, 1999 Hearing Room HR D

1:15 p.m. Tapes 49 - 50

**MEMBERS PRESENT:** Rep. Carl Wilson, Chair

Rep. Jason Atkinson, Vice-Chair

Rep. Jo Ann Bowman

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Bruce Starr

Rep. Terry Thompson

**MEMBERS EXCUSED:** Rep. Chris Beck

Rep. Ron Sunseri

**STAFF PRESENT:** Cara Filsinger, Administrator

Faye D. Trupka, Administrative Support

**MEASURE/ISSUES HEARD:** HJR 17 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 49, A		

004	Chair Wilson	Opens meeting at 1:15 p.m. and opens public hearing on HJR 17.
<b><u>HJR 17 PUBLIC HEARING</u></b>		
006	Cara Filsinger	Administrator. Describes HJR 17.
015	Rep. Tim Knopp	Representative, House District 54. Explains HJR 17 ( <b>EXHIBIT A</b> ). States the kicker prevents the State from keeping any large surplus of taxpayeris money.
065	Rep. Knopp	Describes personal income tax refund check. States that the kicker applies to personal income and corporate taxes.
115	Rep. Knopp	States that in a recent tax year 9 out of 10 taxpayers chose the kicker over donation.
145	Rep. Bowman	Asks for clarification of kicker and if it is an estimate. Asks if it is reasonable to expect government to estimate the amount of income they are going to receive within a 2% margin.
158	Rep. Knopp	Replies that the budget is usually set on the conservative side. Says that it is money that does not belong to the State.
176	Rep. Bowman	Asks if Rep. Knopp would be in opposition to having the percentage at 3 to 4% because of the margin of error.
185	Rep. Knopp	Responds no. States that under the 4 to 5% solution, the kicker would not occur.
201	Rep. Bowman	Asks if Oregon is in economically good times.
206	Rep. Knopp	Responds yes.
208	Rep. Bowman	Asks in economically sound times if the State should be investing in education.
213	Rep. Knopp	Replies yes. States that it should be under the 100% limit.
226	Rep. Bowman	Asks if Rep. Knopp inquired if his constituent could defer his property taxes.
233	Rep. Knopp	Responds no. States that he was listening to Mr. Linwood not asking questions.
258	Rep. Bowman	States that she would have told Mr. Linwood how to save thousands of dollars on his property taxes each year.

266	Rep. Knopp	Comments.
288	Rep. Starr	States appreciation of Rep. Knopp introducing HJR 17 to protect taxpayers money.
307	Rep. Deckert	Comments that he has heard comments from others who are tired of their tax dollars going back into government funds. Asks about charitable giving.
336	Rep. Knopp	States that charitable giving has gone up.
342	Rep. Deckert	Remarks that charitable giving went down.
366	Rep. Knopp	Replies that he is not against government reinvesting money, but states it is not prudent to hold large sums of money.
406	Rep. Deckert	Asks if Rep. Knopp is disturbed that charitable giving per capita has not increased.
419	Rep. Knopp	Replies no. States that people want to do the best they can for their family. Says that people are challenged to make ends meet.
<b>TAPE 50, A</b>		
011	Rep. Thompson	Asks if Rep. Knopp is in business.
016	Rep. Knopp	Replies yes.
019	Rep. Thompson	Asks if Rep. Knopp is familiar with good business practices.
024	Rep. Knopp	Responds yes.
028	Rep. Thompson	Asks if Rep. Knopp is aware that Oregon is listed as 48 <sup>th</sup> in the nation economically.
032	Rep. Knopp	Replies no.
035	Rep. Thompson	States that Oregon is in the lower portion in economy within the United States. Asks if the state will face a downturn in economy in the future.
038	Rep. Knopp	Replies that it is inevitable.

039	Rep. Thompson	Asks how Rep. Knopp can propose HJR 17 when the kicker is the logical avenue to obtain funds when faced with a downturn in the economy.
041	Rep. Knopp	States that if the economy was in a downturn that there would not be a kicker.
043	Rep. Thompson	Asks whose job it is to propose the laws to protect the people of the State of Oregon from a downturn in the economy.
045	Rep. Knopp	States any of the 90 legislators or the Governor.
050	Rep. Thompson	Asks if there is a bill to resolve the issue of surplus tax money.
058	Rep. Knopp	Asks for clarification.
060	Rep. Thompson	Replies that a bill will come forward to protect Oregonians against a downturn in the economy.
065	Rep. Knopp	States there is a reasonable chance that a debate will occur on whether or not the State will have a stability or rainy day fund.
075	Rep. Thompson	States the logical way to create a rainy day fund is to have access to the corporate or personal income tax kicker.
085	Rep. Knopp	Replies that it depends on your perspective. States the he would like to see the State keep an ending balance that is higher than the current balance.
095	Vernon S. White	Testifies in support of HJR 17. Reads written testimony ( <b>EXHIBIT B</b> ). States that the people should have the opportunity to make the decision.
138	Chair Wilson	Asks for White's judgment of the popularity of the kicker.
143	White	Replies that it will pass.
145	Rep. Thompson	Asks if a rainy day fund would pass.
148	White	Responds yes, depending on how it was structured.
153	Rep. Bowman	Asks for clarification of the waste of money to which White was referring.
158	White	States that it was his observation.

159	Rep. Bowman	Asks how long White has been in the Capitol.
161	White	Replies 2 1/2 months. States that he has been a financial analyst for twelve years.
163	Rep. Bowman	Asks how long White has been in the Capitol analyzing State budgets. Asks about the validity of his statements regarding State spending.
168	White	Describes his recent analysis of the Oregon Department of Transportation (ODOT).
178	Rep. Bowman	States that after three years working in the Capitol she does not have complete knowledge on all budgets.
183	Rep. Thompson	Asks if White can prove there is waste would he bring it to him.
188	White	Responds yes.
190	Rep. Thompson	States with proof he will try to do what he can to get the agency to address the issue of waste.
195	White	Replies that there is work on ODOT.
197	Tim Nesbitt	Oregon State Council of Service Employees International Union. Testifies in opposition to HJR 17. States that a debate needs to be held to decide the structure of a kicker law. States that the kicker is flawed.
247	Nesbitt	States that all tax dollars should be subject to the same laws.
262	Chair Wilson	Explains HJR 17 and asks if Nesbitt finds a problem with giving the voters the choice.
271	Nesbitt	Responds to question.
295	Lori Wimmer	Oregon Education Association. Testifies in opposition to HJR 17. States that growth is expensive and with continuing new needs costs arise.
345	Wimmer	States that 25% of the growth in the metropolitan area is due to the influx of high-tech workers.
361	Rep. Thompson	Asks for information on the amount of funding education will receive from the existing budget.

367	Wimmer	Replies that the base budget is \$4.2 million.
370	Rep. Thompson	Asks what the percentage of the budget is for education.
371	Wimmer	Replies 46%.
372	Rep. Thompson	Asks if children will be hurt by a downturn in the economy.
384	Wimmer	Replies yes.
387	Rep. Thompson	Asks if HJR 17 passes if it will hurt children.
390	Wimmer	Replies that it will be an indirect effect.
393	Peter Grundfossen	Association of Oregon Housing Authorities. Testifies in opposition to HJR 17. States the problem with the kicker law is that it hinges on an estimate of how much money will be available.
<b>TAPE 49, B</b>		
031	Rep. Thompson	Asks if he represents people who are poor.
035	Grundfossen	Replies yes.
037	Rep. Thompson	Asks if HJR 17 will hurt the poor.
039	Grundfossen	Replies he cannot say for sure.
041	Rep. Thompson	Asks if the education of children and housing of the poor stand to be the losers.
047	Grundfossen	Replies that is a possibility.
051	Chair Wilson	Asks what the impact might be if the kicker law is discontinued and the State keeps the money and continues to finance new programs.
059	Grundfossen	Replies that the roll up costs apply to some programs and not to others.
062	Chair Wilson	States some programs could be funded that may not have roll up costs.
064	Grundfossen	Replies that he would advocate funds for schools.

068	Rep. Starr	Asks if a legislature has ever placed the kicker into a stabilization fund.
077	Grundfossen	Replies no.
081	Rep. Starr	Asks if there is never a program for which those funds could be spent.
083	Grundfossen	Responds that the legislature has a multitude of bills for which the funding could be used.
090	Rep. Starr	States that the legislature has the authority to reduce or increase taxes.
109	Wimmer	Responds that it takes 3/5 majority of each house to pass legislation to raise new revenues, but that it only takes 51% to spend money.
117	Rep. Bowman	Asks about the frustration of sitting through committee hearings on tax breaks and then trying to determine how to house the poor and educate children.
136	Wimmer	Replies that she welcomes the debate and the chance to advise the legislature. States that it is a struggle to come up with creative uses of available funding.
166	Rep. Bowman	States that over 50% of the General Fund is spent on education. Asks what the State is not currently funding that was being funded prior to the last decade.
172	Chair Wilson	Asks if that results in a disinvestment in education.
176	Wimmer	Replies that the State has taken on a larger share of the bill. Says that the truth is sometimes manipulated. States that they are spending less on education.
189	Grundfossen	Says that housing costs have risen in the last twenty years, while wages have fallen. States that following the prosperity that Oregon has had since the 1980s education has been absorbing all the excess tax money.
239	Rep. Thompson	Gives analogy.
250	Chair Wilson	Closes public hearing on HJR 17 and adjourns at 2:35 p.m.

Submitted By, Reviewed By,

Faye D. Trupka, Cara Filsinger,  
Administrative Support Administrator

**EXHIBIT SUMMARY**

**A ñ HJR 17, newspaper article, Rep. Tim Knopp, 3 pp.**

**B ñ HJR 17, written testimony, Vernon S. White, 1 p.**