

HOUSE COMMITTEE ON GENERAL GOVERNMENT

April 06, 1999 Hearing Room 350

1:15 p.m. Tapes 55 - 58

MEMBERS PRESENT: Rep. Carl Wilson, Chair

Rep. Jason Atkinson, Vice-Chair

Rep. Chris Beck, Vice-Chair

Rep. Jo Ann Bowman

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Bruce Starr

Rep. Ron Sunseri

Rep. Terry Thompson

STAFF PRESENT: Cara Filsinger, Administrator

Faye D. Trupka, Administrative Support

MEASURE/ISSUES HEARD: HJR 35 Public Hearing

HB 2892 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 55, A		

004	Chair Wilson	Opens meeting at 1:16 p.m. and opens public hearing on HJR 35.
<u>HJR 35 PUBLIC HEARING</u>		
006	Sen. Eileen Qutub	Senator, Senate District 4. Testifies in support of HJR 35. Explains that state General Fund spending has increased from 16 to 22% per biennium. States there is no reason for government to grow faster than the economic rate of growth.
046	Rep. Steve Harper	Representative, House District 53. Explains HJR 35-4 amendments (EXHIBIT A).
075	Rep. Ron Sunseri	Representative, House District 22. Testifies in support of HJR 35-4 amendments. Describes HJR 35.
090	Rep. Bowman	Asks what the population increase was over the past six to seven years.
095	Rep. Sunseri	Replies that he does not know.
097	Rep. Bowman	Asks how many people are living below the poverty line.
099	Rep. Sunseri	Replies that he does not know.
100	Rep. Bowman	Asks why the state's expenses have increased over the last six to eight years.
103	Rep. Sunseri	Replies that he does not know.
104	Rep. Thompson	Asks if HJR 35 passes, would it cover the cost of education in Oregon.
105	Rep. Sunseri	Replies no.
107	Rep. Thompson	Asks if there is any way to change the taxation level.
108	Rep. Sunseri	Replies that the responsibility lies with the legislature.
114	Rep. Harper	States that the indicator used came from private sector payroll.
132	Rep. Deckert	Asks which area in state government is spending too much money. Asks why that portion of the budget is not cut rather than referring a constitutional amendment to the voters.
137	Rep. Sunseri	Explains that an agreement must be reached before a budget cut occurs.

152	Rep. Deckert	Asks if there is a specific area where spending is excessive. States that hearings should be held to investigate overspending.
163	Rep. Harper	States that the legislature does not have the ability to cut budgets.
178	Rep. Sunseri	Explains concern about the state's ability to set priorities and control spending. States that while budget spending has expanded 50% in the last few years, population has not had the same increase.
190	Rep. Deckert	Asks where the overspending is occurring.
195	Rep. Sunseri	Explains the Oregon Health Plan is an example.
204	Rep. Beck	Asks where the payroll mechanism comes from.
210	Rep. Harper	Replies that it came from the Oregon Employment Department.
214	Rep. Beck	Asks why the growth was tied to payroll versus population growth.
216	Rep. Harper	Replies that it includes inflation and growth in population.
232	Rep. Beck	Asks how it will reflect population growth.
235	Rep. Harper	Responds to question.
237	Rep. Beck	Asks if a heavy influx of retirees occurs, if HJR 35 will create a burden on budget.
253	Rep. Harper	Replies that the state must prioritize spending.
260	Rep. Beck	Explains that the state must find a mechanism to pay for growth.
270	Rep. Harper	States that the legislature does not have the authority to cut budgets but can slow the tax rate increase.
283	Rep. Beck	Questions the accuracy of the indicator.
285	Rep. Harper	States that the indicator seemed to be the best choice.
288	Rep. Sunseri	States that nothing is more closely connected to the citizens' interest than income.

306	Rep. Beck	Asks for more information from the work group that wrote HJR 35.
324	Rep. Starr	Asks if the public pays income tax based on payroll.
331	Rep. Harper	Replies yes.
333	Rep. Starr	Asks if spending is already limited based on payroll income tax.
337	Rep. Harper	Replies to question.
348	Rep. Starr	Asks how the General Fund increased without higher payroll.
351	Rep. Sunseri	States that more people paid income taxes.
356	Rep. Starr	Asks for clarification of non-General Fund expenditures.
361	Rep. Sunseri	Explains that he is referring to the \$20 billion which is spent per year in addition to the General Fund.
365	Rep. Bowman	Asks when drafting HJR 35-4 amendments if wages from all employees were considered.
397	Rep. Sunseri	Asks for clarification of the question.
406	Rep. Bowman	Clarifies question. Asks from which source the payroll information was gathered. States that an employer mandate to provide health care would reduce the amount of money being used from the General Fund.
TAPE 56, A		
010	Rep. Sunseri	States that it is based on aggregate income.
018	Rep. Bill Witt	Representative, House District 7. Testifies in support of HJR 35. States that government should not prosper when citizens are suffering financially. States that growth has come about because of strong economic times. Details governmental growth in the last few years.
062	Rep. Witt	States that government needs to be held accountable for the money it spends.
070	Rep. Beck	Asks why there is no plan for fiscal discipline.

088	Rep. Witt	Replies that he has introduced bills to restrain the growth of government.
100	Rep. Thompson	Asks if Rep. Witt will accompany him to his school district.
106	Rep. Witt	Replies that he is unavailable.
108	Rep. Thompson	States that he can set up a meeting on Saturday.
109	Rep. Witt	States that he will be working.
113	Rep. Thompson	States that his district would like someone to show them where they are wasting money.
117	Rep. Witt	Replies there is a fundamental problem with education funding.
121	Rep. Deckert	Asks if the legislature has the authority to cut taxes.
130	Rep. Witt	Replies the legislature has always had the authority to cut taxes.
136	Rep. Deckert	Asks why the initiative process is not working.
144	Rep. Witt	Replies that in the 1990s many measures were done through the initiative process. Explains the initiative process.
160	Rep. Deckert	Asks why the initiative process is not working.
172	Rep. Witt	Replies that the initiative process is part of forming public policy. Expresses concern that legislators are not responding to constituents.
188	Rollie Wisbrock	Chief of Staff, Oregon State Treasury. (EXHIBIT B) . States that he does not have the HJR 35-4 amendments.
190	Rep. Thompson	Asks if Wisbrock would like time to study the HJR 35-4 amendments and return at a later date to testify.
238	Wisbrock	Responds that he would like time to evaluate HJR 35-4 amendments. Mentions that some of his concerns might be addressed by HJR 35-4 amendments.
288	Wisbrock	Asks for clarification of the definitions in measure. Asks for caution prior to making a decision on HJR 35-4 amendments.

333	Rep. Harper	Asks if the Treasury needs to be consulted.
339	Wisbrock	States that an Attorney General opinion should be sought.
345	Rep. Harper	Asks if Wisbrock could meet with him after the hearing.
348	Wisbrock	Replies yes. Refers to EXHIBIT B . Comments about the ability of the State Treasury to respond to new programs.
398	Wisbrock	States that Measure 5 resulted in creating economic growth. Mentions that HJR 35 would reduce state spending.
TAPE 55, B		
024	Wisbrock	States that new programs could not be created under HJR 35.
038	Rep. Bowman	Asks if HJR 35 becomes a law, how the \$10 billion allocated for jails would fit into the limitations on the growth of state government.
042	Wisbrock	Replies that he is unsure.
054	Rep. Bowman	Asks about an initiative to ban lottery games and about HJR 35 and how they would be implemented together.
061	Wisbrock	Explains that there are two sources of funding. States that by reducing Lottery funds more financial burden will be placed on the General Fund.
074	Rep. Sunseri	States that the numbers in the testimony need to be re-computed for HJR 35-4 amendments which would give biennial instead of annual percentage.
079	Wisbrock	Replies that the figures in the testimony are computed based on a yearly average.
092	Don McIntyre	Testifies in support of HJR 35. Explains that the Democratic process works by putting restraints on state government. States the growth of government should be connected to population growth.
142	McIntyre	States that a 16% biennial limitation will allow the General Fund to grow by one billion dollars per year.
165	Matt Evans	Executive Director, Oregon Tax Research (OTR). Gives history of organization. States that OTR researched possible impacts if the 1979 Legislature had referred HJR 35 rather than enacting a statutory spending limit.

195	Rep. Starr	Asks about General Fund expenditures and if that would include federal gas dollars.
201	Evans	Replies no.
204	Rep. Starr	Asks if HJR 35 would effect any federal funds.
206	Evans	Replies no.
208	Rep. Deckert	Asks how Oregon ranks for corporate taxation and individual tax burden.
215	Evans	Replies no. States that Oregon is ranked 17 th in the nation in corporate tax.
228	Rep. Deckert	Asks about Oregon voters and why they are voting for people who do not represent their interests.
233	McIntyre	Describes a disconnect between representatives and the voters.
254	Vernon White	Describes his history with Oregon Tax Research. States that school boards negotiate salaries for school employees and send the bill to the legislature. Presents examples of what he perceives to be overspending by the state.
304	White	Describes higher education ratio of employees versus full-time students.
320	Rep. Atkinson	Describes his experience in paying for both public and private education.
348	White	Gives example of higher education's ratio of students to teaching faculty. States that teaching professors spend eight hours per week in the classroom.
360	Rep. Atkinson	Disagrees with comments.
363	Tim Nesbitt	Oregon State Council, Service Employees International Union (SEIU). Testifies in opposition to HJR 35. Reads written testimony (EXHIBIT C) .
395	Rep. Harper	Asks if HJR 35 is a solution in search of a problem.
399	Nesbitt	States that SEIU can not find the problem.
TAPE 56, B		
016	Ralph Groener	American Federation of State, County and Municipal Employees (AFSCME).

		Testifies in opposition to HJR 35. States that all union members are not liberals nor are they all conservatives.
066	Groener	States that no pay raises have been available for public employees in the last six years.
075	Rep. Thompson	Asks if Groener is familiar with the spotted owl issue and the deferment of county roads.
079	Groener	Replies yes.
081	Rep. Thompson	Asks where the funding will come from if the federal government decides to not extend that deferment.
083	Groener	Replies that is a major concern for AFSCME because they are located in the counties which represent timber dollars.
087	Rep. Thompson	Asks where the money will come from.
089	Groener	Replies that AFSCME will be working with the legislature to find a solution.
091	Rep. Thompson	Asks if the General Fund will be used to keep programs working.
092	Groener	Replies yes.
093	Rep. Thompson	States that with passage of HJR 35 AFSCME will be unable to continue.
100	Groener	Replies that he will find funding.
107	Chair Wilson	Closes public hearing on HJR 35 and opens public hearing on HB 2892.
<u>HB 2892 PUBLIC HEARING</u>		
115	Cara Filsinger	Administrator. Explains HB 2892-3, -4, and -5 amendments. Distributes written testimony from Marge Kafoury in support of HB 2892 (EXHIBIT D).
121	Pamela Erickson	Administrator, Oregon Liquor Control Commission (OLCC). Testifies in support of HB 2892 (EXHIBIT E). Gives background on HB 2892.
171	Erickson	States that HB 2892 changes the current process for obtaining local government recommendations on renewal.

221	Erickson	Explains that local governments need to retain the ability to investigate and be involved in the renewal of liquor licenses.
271	Erickson	Says that HB 2892 proposes a process whereby local governments may identify only those licensees it wishes to investigate during the renewal process.
320	Rep. Starr	Asks about fee increases and if it would be easier if the fees remained the same or went down.
331	Erickson	Replies that the license fees do not cover the cost of administration.
344	Rep. Bowman	Refers to HB 2892, page 7, regarding video lottery game terminals and restrictions to minors. Asks for explanation of the change of language.
359	Erickson	Explains that Chris Hansen will address that question.
367	Chris Hansen	License Technician, OLCC. Describes the language of HB 2892 and gives explanation of the current and proposed changes.
393	Rep. Bowman	Asks if video poker machines can only be in a facility which serves alcohol.
TAPE 57, A		
004	Hansen	States that the language could apply to either an alcohol or non-alcohol establishment.
009	Rep. Thompson	Asks how many restaurants will be affected by the passage of HB 2892.
013	Hansen	Asks for clarification.
016	Rep. Thompson	Responds to question.
018	Hansen	States that it would have no actual effect on the operation of current or future licensed premises.
021	Rep. Thompson	Asks if there is a reference to after 10:00 p.m. and will it eliminate some restaurants.
025	Hansen	Replies yes.
027	Rep. Bowman	Cites HB 2895, page 12, favorably or unfavorably lines 23 and 24. Asks about the intent of this section.

039	Hansen	States that the intent is to recognize that local government has a process to follow and to render decisions within those timelines.
046	Rep. Bowman	Asks if that is within the 60 days.
048	Hansen	Replies yes. States that HB 2892 proposes to allow additional time for local government to study matters and to render a recommendation.
052	Rep. Bowman	Points to references regarding the commission establishing rules for unfavorable recommendations by local governments. Asks if there is a plan to do this through administrative process and will local governments be included in developing the criteria.
058	Hansen	Replies yes.
060	Rep. Starr	Asks if HB 2892 will allow more video games in any establishment.
064	Hansen	Replies possibly. Explains the reclassification of licenses.
087	Rep. Bowman	Asks for a description of a Class C dispenser license facility.
090	Hansen	Explains that they look like a restaurant.
095	Rep. Bowman	Asks if the Class C facility would be allowed to have video poker in the restaurant.
100	Hansen	Replies that OLCC can not post a sign which excludes minors if food service is the primary activity.
103	Chair Wilson	States that there will be time for more questions at a later hearing.
110	Charlie Williamson	Valley Wine. Testifies in support of HB 2892-5 amendments (EXHIBIT F) .
120	Chair Wilson	Asks for definition of cider.
125	Williamson	Replies that cider was replaced by beer in the 1800s and is making a comeback. States that cider was considered a wine and in the current statute it is not.
140	Bill Linden	Anheuser-Busch Company. Explains HB 2892-1 amendments. Describes a labeling problem for malt beverage manufacturers. States that brewers must provide special labels for beers sold in Oregon (EXHIBIT G) .

174	Rep. Bowman	Asks for the alcohol content of beer.
178	Linden	Replies that it is 5.7%.
190	Rep. Bowman	States her concerns about removing the labeling system because of the marketing strategy for malt beer which has a higher alcohol content.
195	Linden	Replies that an option would be to raise the percentage level, which would cover most of the malt beverage products.
200	Rep. Bowman	Asks for a list of alcohol contents and comparisons.
204	Linden	Asks for clarification.
210	Rep. Bowman	Asks for types of beers that could be labeled as malt beer.
215	Linden	Explains that all are a form of malt beverages.
218	Rep. Bowman	Asks for list of alcohol content.
222	Chair Wilson	Explains the confusion with the removal of the labeling system.
225	Linden	States that the alcohol content was raised from 1995.
246	Paul Romain	Oregon Beer and Wine Distributors Association. Testifies in support of HB 2892. Explains that light beer is 3.5 to 3.8% alcohol by volume. States that malt liquor can be anything.
299	Michael Mills	Attorney, Oregon Restaurant Association. Testifies in support of HB 2892. States that technical changes need to be addressed.
349	Mills	States that the Lottery Commission should be the governing body regarding video lottery.
379	Chair Wilson	Asks about fee increases.
383	Mills	Replies that the Oregon Restaurant Association is not worried about the fee increases.
396	Rep. Bowman	Describes a restaurant/bar facility where she had lunch and noticed a minor was sitting in the bar without a bartender and asks if it was a violation.

TAPE 58, A

004	Mills	Replies that it depends on the wording of the OLCC posting.
009	Jess Lyon	Oregon Wine Growers Association. Testifies in support of HB 2892. Details the effects of HB 2892 on the wine industry.
036	John Powell	Miller Brewing Company. Testifies in support of HB 2892-1 amendments.
049	Chair Wilson	Asks about malt liquor promotion.
052	Powell	Explains stouts, ales and alcohol content.
064	Chair Wilson	Asks if ale can be 5.9%.
068	Powell	Replies that he is not sure. States that 29 states have no limitations on the naming of alcoholic beverages.
085	Chair Wilson	Asks for other names of alcohol rated at 5.7% or over.
089	Powell	Responds stout and malt liquor, which has a 14% level.
095	Chris Lyons	Director, Oregon State Lottery.
100	Chair Wilson	Asks about HB 2892 leading to more video lottery terminals in the state.
107	Lyons	Responds to question.
122	Rep. Bowman	Asks if the proposed language is more clear.
126	Lyons	States that she was addressing the types of businesses which currently have video games. States that the issue of minors needs to be addressed.
162	Chair Wilson	Closes public hearing on HB 2892 and adjourns meeting at 3:46 p.m.

Faye D. Trupka, Cara Filsinger,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HJR 35, proposed HJR 35-4 amendments, Rep. Harper, 1 p.

B ñ HJR 35, written testimony, Rollie Wisbrock, 3 pp.

C ñ HJR 35, written testimony, Tim Nesbitt, 1 p.

D ñ HB 2892, written testimony, Marge Kafoury, 1 pp.

E ñ HB 2892, written testimony, Pamela Erickson, 6 pp.

F ñ HB 2892, proposed HB 2892-5 amendments, Charlie Williamson, 2 pp.

G ñ HB 2892, proposed HB 2892-1 amendments, Bill Linden,