

BILL INTRODUCTIONS: LC 2871, LC 2872, LC 2873, LC 2874

PUBLIC HEARING AND WORK SESSION: SB 239

ORIENTATION

TAPES 014 A/B,

015 A

SENATE REVENUE COMMITTEE

January 26, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Randy Miller, Chair

Senator Thomas Wilde, Vice Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Staff: Steve Meyer, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

TAPE 014 SIDE A

004 Chair Miller Meeting called to order at 3:05 p.m.

OPENED PUBLIC HEARING ON SB 239

010 Chair Miller No public testimony submitted.

007 Richard Yates A substantive committee, (Consumer and Business Affairs) per Gary Wilhelm, Senate President's office, should first review the bill. The Committee has been requested to return the bill to the Senate President's office for the appropriate referral. Fiscal impact statement distributed. (Exhibit 5)

OPENED WORK SESSION ON SB 239

013 Chair Miller MOTION: MOVED SB 239 BE RETURNED TO THE SENATE PRESIDENT WITHOUT RECOMMENDATION AS TO PASSAGE BUT REQUESTING REFERRAL TO SENATE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

020 Chair Miller MOTION: INTRODUCTION, AS COMMITTEE BILLS, OF LC 2871 (EXHIBIT 1) RELATING TO TAXATION, LC 2872 (EXHIBIT 2) RELATING TO TAXATION, LC 2873 (EXHIBIT 3) RELATING TO TAXATION AND LC 2874 (EXHIBIT 4) RELATING TO TAXATION. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

032 Steve Meyer Distributed Research Report #2-99 pertaining to K-12 School Finance. (Exhibit 7) There is also a Research Report, #2-97, which was directed at the 1997 legislation; the appropriations are in that earlier report.

035 Meyer Distributed the 1998-99 estimates for School Finance Distribution. (Exhibit 8) Explained the formatting of the exhibit and proceeded to discuss the content.

Discussion and questions interspersed.

172 Meyer Currently compiling data for 1999-2000; projected completion date is the first of next week. The primary obstacle in compiling runs for 1999-2000 center on the Governor's State School Fund recommendation. The recommendation has no specific split between ESDs and K-12 School Districts or whether there should be any division between the two.

220 Discussion and questions, pertaining to ESDs, interspersed.

336 Meyer Presented a detailed overview on school finance, beginning with the sharing of State and local resources. (Exhibit 6)

The topics to be covered are:

- Students and funding resources
- State comparisons
- K-12 and ESD funding
- 1991 development of the distribution formula
- Constraints of the formula
- Results of the formula
- Equity
- ESDís
- Community Colleges
- Numbers for the 1999-2001 biennium

379 Meyer Discussed what K-12 dollars pay for

Discussion and questions interspersed.

431 Meyer Continued with K-12 resources, (Page 2, Exhibit 6).

TAPE 015, SIDE A

020 Discussion and questions interspersed.

083 Meyer Continued with K-12 Revenue 1996-97 Audit, (Page 3, Exhibit 6). The three primary revenue sources are:

- Property Taxes
- All Other Local
- State School Fund

124 Meyer Referenced K-12 Expenditures 1996-97 Audit (pie chart) ñ 47% goes for instruction salary and benefits; 23% for support salary and benefits, (Page 3, Exhibit 6).

Discussion and questions interspersed.

172 Meyer Discussed how Oregon compares to neighboring states 1996-97 (Page 4, Exhibit 6).

200 Meyer K-12 Revenue Per Student - 1996-97 Comparison, (Page 4, Exhibit 6). Oregon ranks on an average nationally.

K-12 Revenue Per Student ñ 1996-97 Comparison, (Page 5, Exhibit 6). Oregon ranks 23rd nationally.

228 Meyer K-12 Revenue Sources ñ 1996-97 Comparison: state and local revenues as compared to other states, (Page 5, Exhibit 6).

K-12 Revenue Sources 1996-97 Comparison, (Page 6, Exhibit 6) Oregon ranks 33rd.

267 Meyer K-12 Average Daily Attendance Per Teacher 1996-97 Comparison: Oregon is slightly above U.S. average. In small part it can be connected to classroom size, although it is not a direct measure.

Discussion and questions interspersed.

318 Meyer K-12 Average Daily Attendance Per Teacher ñ 1996-97 Comparison, (Page 7, Exhibit 6). Oregon ranks 6th in average daily attendance per teacher.

330 Meyer Discussed K-12 and ESD Funding, (Pages 7-8, Exhibit 6).

Emphasizes that before and after Measure 5 the State controls the source (property taxes) of tax revenue for the school districts. Prior to Measure 5 the State did not control how much revenue came from that source; local voters controlled that. After Measure 5 the level of revenue from that source is controlled by the Constitution.

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TAPE 014, SIDE B

004 Meyer Reviewed the State School Fund Adopted 1991 ñ the Stateís response to the limitations of Measure 5, (Page 9, Exhibit 6). The Oregon Constitution hasnít changed in the requirement of a uniform system of schools.

Discussion and questions interspersed.

059	Meyer	Resumed discussion with pie chart on State School Fund for the 1997-99 biennium, (Page 10, Exhibit 6).
062	Meyer	Reviewed the Local Formula Revenue, (Page 10, Exhibit 6).
114	Meyer	Reviewed what is not included in local formula: voluntary revenue to the school, like gifts, other kinds of grants or donations either public or private.
		All of the funding sources listed in the local formula revenue slide is statutory payments, not voluntary payments, to the school districts.
131	Meyer	Reviewed how State and local dollars are distributed and the total revenue cap, (Page 11, Exhibit 6).
199	Meyer	Discussed the 70/30 split, (Page 12, Exhibit 6). Property taxes comprise 27% of the local 30% portion.
245	Chair Miller	Meeting adjourned at 4:16 p.m.

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Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. LC 2871, Chair Miller, 2 pages
2. LC 2872, Chair Miller, 3 pages
3. LC 2873, Chair Miller, 9 pages
4. LC 2874, Chair Miller, 8 pages
5. SB 239, Staff, Fiscal impact, 1 page
6. Orientation, Meyer, School Finance, 39 pages

7. Orientation, Meyer, K-12 School Finance, State School Fund Distribution, Report #2-99, 12 pages
8. Orientation, Meyer, School Finance Distribution, 1998-99 Estimates, 6 pages