

SENATE REVENUE COMMITTEE

APRIL 20, 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: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Steve Meyer, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Laurie Wimmer, Oregon Education Association

Vickie Totten, Oregon Community College Association

Representative Barbara Ross, House District 35

Tom Gallagher, ARCO, American Medical Group Association, Schnitzer Industries, Greenbriar/Gunderson, VLC, Oregon Association for Homecare, Reynolds Metal Company, Student Loan Finance Association, NW Aluminum, U.S. Generating Company

TAPE 093, SIDE A

004 Chair Miller

Meeting called to order at 3:06 p.m.

PUBLIC HEARING ON SB 550, SB 746

- 011 Steve Meyer SB 550 provided for other options to a local option tax besides the property tax, the issues table is broad to deal with various types of potential local options. Reviewed issues table, item by item. (Exhibit 1)
- 076 Sen. Beyer Item 3 must be a dollar amount or an annual rate, but how long can it go?
- 080 Meyer Up to five years for operations and for capital it is the lesser of 10 years or the useful life of the capital.
- Continued with issues table and revenue per student, (Page 1, Item 4, Exhibit 1).
- 150 Meyer Continued with issues table and revenue per student, (Page 2, Item 10, Exhibit 1).
- 194 Laurie Wimmer Presented testimony in support of measures. (Exhibit 2)
- 237 Vickie Totten Spoke to measures. (Exhibit 3)
- 303 Rep. Barbara Ross Spoke in support of the measures. (Exhibit 4)
- 354 Chair Miller Questioned whether the courts would rule that districts aren't funded equitably, if some districts enacted local options, how does the legislature deal with that possibility?
- 364 Rep. Ross Believes it is legally defensible if there is a cap on local options that allow local communities to enrich their educational offerings and the State funds a basic core education and service level.
- 384 Tom Gallagher Spoke to measures and the issue of raising revenue and applying tax fairness and equity across the different districts that raise different revenues.
- Acknowledged the need for districts and local governments to raise revenue, but the

State does not have the ability to make decisions on the impacts of these taxes in each of these jurisdictions. In time the Legislature is going need to determine where each tax should reside and restructure the entire tax system.

TAPE 094, SIDE A

- 041 Lizbeth Martin-Mahar Reviewed the local option authority for schools. The 1998-99 data is the most recent data available and Benton County real market data was not available so have estimated those figures in this computer run. The computer run is categorized by county; explained how each column was calculated. (Exhibit 5)
- 091 Martin-Mahar Continued with review and statewide totals, (Page 8, Exhibit 5).

Noted that only a few school districts where all of the code areas had compression.
- 119 Chair Miller What is the frequency for the available gap amount?
- 120 Martin-Mahar Each year the gap amount changes, this is based on 1998-99 data.
- 124 Chair Miller Requested that Lake Oswego be used as an example.
- 126 Martin-Mahar Reviewed the numbers for Lake Oswego school district, inclusive of K-12, Educational Service Districts and Community Colleges, (Page 1, Exhibit 5).
- 147 Chair Miller Explained to the Committee members that for the sake of discussion he and Sen. Hartung had requested the computer runs at \$6/\$9 level instead of the Measure 5 limitations of \$5 for schools and \$10 for local governments.
- 156 Sen. Beyer If the legislature wanted to move with those levels would a constitutional change be required?
- 157 Martin-Mahar Yes. The last column (\$1 gap amount increase) is basically the amount of revenue reduction that local governments would need to absorb.
- 167 Meyer The information presented by Ms. Martin-Mahar will be converted to a per student basis for each school district.

170 Sen. Beyer What is the approximate size of Lake Oswego schools?

177 Staff and audience unable to provide number.

188 Chair Miller Requested comments or direction from the Committee. Ms. Wimmer offered to be a part of a work group, if that is a direction the Committee would want to move in.

197 Sen. Beyer Spoke to concern of limiting local option to property taxes and the potential inequality between the larger districts and the smaller districts. A second concern is the impact property tax has on fixed incomes and senior population.

"If the Committee moved in that direction I would favor incorporating a cap, similar to a homesteader exemption, for senior citizens age 65 and over.

“The advantage of that sort of a cap would keep low-income homeowners in their homes and should help in passing levies, as it would remove a lot of the negative votes up front. My intent would be to remove that source of funding from the revenue stream, not replacing it.”

220 Chair Miller A diminished ability to pay is probably a valid argument. Spoke to personal interest in pursuing this option and the available funds within the gap. Also attractive is the fact that it is a local option, not imposed by the State, but by the local taxpayers, if that is their choice.

263 Sen. Beyer Would this be above and beyond the basic education that is the responsibility of the State to provide?

268 Chair Miller That would be my view and I believe it has to be to survive challenge of equality.

288 Chair Miller Meeting adjourned at 3:52 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. *SB 550, Meyer, Issues table, 3 pages
2. *SB 550, Wimmer, Written testimony, 1 page
3. *SB 550, Totten, Written testimony, 2 pages
4. *SB 550, Rep. Ross, Written testimony, 2 pages
5. *SB 550, Martin-Mahar, Handout, 8 pages

*Refers also to SB 746