

HOUSE COMMITTEE ON EDUCATION

May 28, 1997 Hearing Room E

08:15 A.M. Tape 143

MEMBERS PRESENT:

Rep. Dennis Luke, Chair

Rep. Terry Thompson, Vice-Chair

Rep. Roger Beyer

Rep. Ryan Deckert

Rep. Bob Jenson

Rep. Charles Starr

Rep. Ron Sunseri

MEMBER EXCUSED:

STAFF PRESENT:

Bryan Boehringer, Administrator

Joan Diaz, Administrative Support

MEASURE/ISSUES HEARD:

SB 871A - Work Session

HB 2403A - Public Hearing and Work Session

HJR 72A - Public Hearing and Work Session

HB 3073 - Work Session

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 143, A		
004	Chair Luke	Calls meeting to order at 8:50 a.m. Opens work session on SB

		871A.
<u>SB 871A - WORK SESSION</u>		
	Chair Luke	Calls for motion regarding the -7 amendments (EXHIBIT A). ¹ (
	Rep. Thompson	MOTION: Moves to ADOPT SB 871A-7 amendments dated 05/27/97.
	Chair Luke	Hearing no objections the motion CARRIES.
	Rep. Thompson	MOTION: Moves SB 871A to the floor with a DO PASS AS AMENDED recommendation.

VOTE: 4-0

AYE: 4 - Deckert, Jenson, Thompson, Luke

EXCUSED: 3 - Beyer, Starr, Sunseri

Chair Luke **The motion CARRIES.**

REP. JENSON will lead discussion on the floor.

Chair Luke Closes work session on SB 871A. Opens public hearing on HB 2403A.

HB 2403A - PUBLIC HEARING

Chair Luke Asks staff to explain the bill.

020

Bryan Boehringer Committee Administrator, explains the bill, which establishes a post-secondary Education Expense Program, and was rereferred to the committee. Discusses the -3 and -4 amendments (**EXHIBIT B**).²(

Chair Luke Asks for clarification of amendments.

David Schuman Deputy Attorney General, explains the change in HB 2403A, page 3, line 44 of the bill. Recommends deleting "legal counsel." Explains ORS, chapter 180, establishes the Attorney General as the exclusive lawyer for all the state boards and agencies.

- 081 Steve Bender Legislative Fiscal Office, explains the -3 and the -4 amendments which corrects a technical error in the bill regarding the taxable state income deduction.
- Rep. Thompson Asks for further clarification.
- 103 Bender Explains that the program allows the purchase of future tuition benefits with "today's dollars." The gain would be considered income and taxable to the student. Either the -3 or the -4 amendments change the clause to allow gain to be considered nontaxable state income to the student. It would still be subject to federal tax.
- Philip Bentley Policy Advisor, Office of State Treasurer, comments that the workgroup is "comfortable" with the amendments.
- Chair Luke Closes public hearing on HB 2403A. Opens work session on HB 2403A.

**HB 2403A -
WORK
SESSION**

Rep. Thompson MOTION: Moves to ADOPT HB 2403A-4 amendments dated 05/28/97.

Chair Luke Hearing no objections the motion CARRIES.

Rep. Thompson MOTION: Moves HB 2403A to the floor with a DO PASS AS AMENDED recommendation.

Chair Luke Comments he has a problem with the bill in that it is probably not a very good investment for most people.

VOTE: 4-0

AYE: 4 - Deckert, Jenson, Thompson, Luke

EXCUSED: 3 - Beyer, Starr, Sunseri

Chair Luke The motion CARRIES.

REP. MARKHAM & REP. COURTNEY will lead discussion on

the floor.

Chair Luke Closes work session on HB 2403A. Opens work session on HJR 72A.

**HJR 72A -
WORK
SESSION**

Chair Luke Closes work session on HJR 72A. Opens public hearing on HJR 72A.

**HJR 72A -
PUBLIC
HEARING**

Bryan
Boehringer Committee Administrator, explains this bill amends the Oregon Constitution upon voter approval. This bill is a companion to HB 2403A.

180

Steve Bender Legislative Fiscal Office, explains "full faith and credit of the state." People purchase contracts or bonds which have a certain value. State is obligated to fulfill contracts even if the balance in the fund is insufficient. Options to the state would be to use the General Fund to supplement the fund, or levy a property tax to repay interest on bonds.

Chair Luke Asks if this Legislative Assembly is committing a future Legislative Assembly to fund a program.

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Bender Responds, if the bill is passed, a guarantee would be established that the state will pay bondholders and, if necessary, levy a property tax.

Chair Luke Asks what happened during the recession of the 1980's.

Bender Responds that the state was never in a situation where it had to levy a property tax. Responds to committee's question that no state has experienced a financial default that affected this type of investment.

Chair Luke Closes public hearing on HJR 72A. Opens work session on HJR 72A.

**HJR 72A -
WORK
SESSION**

Rep. THOMPSON: MOTION: Moves HJR 72A be sent to the floor with a BE ADOPTED recommendation.

VOTE: 4-0

AYE: 4 - Deckert, Jenson, Thompson, Luke

EXCUSED: 3 - Beyer, Starr, Sunseri

The motion CARRIES.

Chair Luke

REP. MARKHAM & REP. COURTNEY will lead discussion on the floor.

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Chair Luke

Closes work session on HJR 72A. Recesses meeting.

Chair Luke

Reconvenes meeting. Opens work session on HB 2403A for informational purposes.

**HB 2403A -
WORK
SESSION**

Chair Luke

Asks for comments on estimate of initial costs to establish the post-secondary Education Expense Program by the Chair of the Ways & Means Committee.

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Philip Bentley

Policy Advisor, Office of State Treasurer, responds that the initial appropriation would be approximately \$63,000 in administrative costs in this biennium.

Bentley

Responds to Chair's question that this amount represents costs to hire an executive director, to convene the board, and to initiate the program.

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Chair Luke

Closes work session on HB 2403A. Recesses meeting.

Chair Luke

Reconvenes meeting. Opens work session on HB 3073.

**HB 3073 -
WORK
SESSION**

Rep. Beyer

MOTION: Moves HB 3073 to the House Committee on Rules & Elections without RECOMMENDATION as to passage.

Chair Luke

Calls for discussion.

Rep. Thompson

Explains that the House Committee on Education is the proper forum for considering this bill. Suggests further amendments be drafted.

Chair Luke

Asks if there are draft amendments being processed.

Rep. Thompson Responds not at this time.

Rep. Beyer Comments he would like to "give the bill a chance" and is in favor of moving it to the House Committee on Rules & Elections.

VOTE: 4-3

AYE: 4 - Beyer, Starr, Sunseri, Luke

NAY: 3 - Deckert, Jenson, Thompson

Chair Luke The motion CARRIES.

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Chair Luke

Closes work session on HB 3073. Comments there will be no meeting on Friday, May 30, 1997. Adjourns meeting at 9:05 a.m.

Submitted By, Reviewed By,

Joan Diaz, Bryan Boehringer,

Administrative Support Administrator

EXHIBIT SUMMARY