

WORK SESSION: HB 2066, HB 2007, HJR 37

PUBLIC HEARING & WORK SESSION:

SJR 27A, HB 2411

TAPES 204, 205 A/B

HOUSE REVENUE COMMITTEE

JUNE 6, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair (Arrived 9:12 a.m.)

Rep. Randall Edwards

Rep. Leslie Lewis

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Tony Corcoran

WITNESSES PRESENT: Tom Linhares, Columbia County Assessor

Rick North, American Cancer Society

Gary Conkling, Oregon Health Groups on Smoking or Health

Mark Nelson, R.J. Reynolds

Richard Kosesan, The Tobacco Institute

Ed Patterson, Oregon Association of Hospitals

Scott Gallant, Oregon Medical Association

Paul Warner, Office of Economic Analysis

STAFF PRESENT: Ed Waters, Economist

Dick Yates, Economist

Brian Reeder, Economist

Barbara Guardino, Committee Assistant

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TAPE 204 SIDE A

012 Chair Called meeting to order at 9:00 a.m. Opened work session on SJR 27. (EXHIBITS A -
 Brian C)

PUBLIC HEARING AND WORK SESSION -- SJR 27

022 Chair Double majority repeal. Purpose is to move out without recommendation to
 Brian Transportation Committee.

026 Rep. **WITHOUT RECOMMENDATION AS TO PASSAGE, MOTION TO RE-
 Strobeck REFER SJR 27 -B TO TRANSPORTATION COMMITTEE.**

5 - 2 - 2 (See meter # 228 for final vote)

**IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS,
LEWIS, SHETTERLY, STROBECK, CHAIR BRIAN.**

030 VOTE **MEMBERS VOTING NO: REPS. RASMUSSEN, SIMMONS.**

MEMBERS EXCUSED: REP. CORCORAN, VICE CHAIR BEYER.

MOTION CARRIED.

WORK SESSION -- HB 2066

Directed members' attention to HB 2066 -3 (EXHIBIT D); and HB 2066 -4 (EXHIBIT E). Each stands alone. Difference is that -3 contains changes to property tax law that involves application for forestland designation.

047 Brian Reeder Similarities: Amendments make date changes to penalties and other filing requirements to be consistent with new Jan. 1 assessment date under M50. Also raises cancellation amount for personal property from \$2,000 to \$10,000; establishes separate penalties for personal property; revises filing deadlines for different levels of penalties.

-3 and -4 amendments amend the -2 amendments.

Explained, HB 2066 -3 and HB 2066 -4 amendments are the same, with only difference being -3 adds new amendments not included in -4.

-4 amendments include year changes, cancellation amounts, new penalties and effective years.

091 Tom Linhares -3 amendments adds an issue pertaining to filing periods for forest land special assessment.

Intent is to bring forestland into same treatment as all other classes of property.

Questions and discussion interspersed.

199 Rep. Shetterly **MOTION TO MOVE HB 2066 -3 AMENDMENTS INTO HB 2066 -2 AMENDMENTS OF HB 2066.**

203 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2066 -3 AMENDMENTS INTO HB 2066 -2 AMENDMENTS. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

208 Rep. Strobeck **MOTION TO MOVE HB 2066 -2 AMENDMENTS AS AMENDED INTO HB 2066 .**

211 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2066 -2 AS AMENDED INTO HB 2066. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

213 Rep. Strobeck **MOTION TO MOVE HB 2066 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

8 - 0 - 1 (See meter # 245 for final vote)

215 VOTE **IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

MEMBERS EXCUSED: REP. CORCORAN

MOTION CARRIED. REP. LEWIS WILL LEAD DISCUSSION ON THE FLOOR.

Requested unanimous consent to allow Reps. Rasmussen and Lewis to change their votes on SJR 27. No objections.

228 Chair
Brian

VOTE: REP. RASMUSSEN, AYE; REP. LEWIS, NO.

FINAL VOTE: 5 - 2 - 2

Requested unanimous consent to allow Rep. Simmons to change his vote on HB 2066. No objections.

245 Chair
Brian

VOTE: REP. SIMMONS, NO.

FINAL VOTE: 7 - 1 - 1

PUBLIC HEARING -- HB 2411

279 Chair
Brian

Explained, HB deals with 10 cent cigarette tax, removing sunset.

290 Dick
Yates

Gave brief explanation of HB 2411: 10 cent tax is temporary, sunsets on Jan. 1, 1998. It is currently dedicated to OHP. Bill as amended would continue tax as it is.

366 Gary
Conkling

Refer to HB 2411 -1 (EXHIBIT F); and HB 2411 -2 (EXHIBIT G).

369 Rick
North

Voiced support for HB 2411 -1 amendments. Introduced Rick North.

Exhibit Refer to written testimony verbatim (EXHIBIT J) "Testimony on House Bill 2411 by Rick North" American Cancer Society, American Lung Association, and American Heart Association all support HB 4211 -1 amendments that eliminates sunset, makes tax permanent, and dedicates funds to Oregon Health Plan.

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040 All

Questions and discussion.

070 Rep.
Simmons

Will support bill with -2 amendments. Expressed skepticism about the number of lives that would be saved.

104 Richard
Koesan

Testified in opposition to continuation of tax, HB 2411. Reviewed history of tax for OHP beginning in 1993. Purpose was to provide bridge financing one-time-only. This was continued in 1995. Bill would provide dollars go to general fund as opposed to OHP. Currently, almost half of cost of carton of cigarettes is tax.

142 Mark

Spoke more on 1993 agreement. Leadership approached cigarette industry to go along with a 10 cent tax to start up Oregon Health Plan. Tobacco industry reluctantly agreed.

- Nelson Lawmakers agreed to sunseting of tax. Requested sunset date.
176 Ed
Patterson Encouraged committee to adopt -2 amendments.
185 Scott
Gallant Oregon Medical Association can live with the -2 sunset amendments.

WORK SESSION - HB 2411

- 196 Rep. **MOTION TO MOVE HB 2411 -1 AMENDMENTS INTO HB 2411.**
Shetterly
- 198 Chair **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 2411 -1**
Brian **AMENDMENTS INTO HB 2411. HEARING NO OBJECTIONS, CHAIR SO**
 ORDERED.
- 207 Reps. **MOTION TO MOVE HB 2411 -2 AMENDMENTS INTO HB 2411.**
Beyer,
Lewis
- 209 Rep. Expressed opposition to sunset. It will never be practical to reduce cigarette taxes.
Strobeck Believes a sunset is a way to defer a decision.
- 244 Rep. Lewis Supports sunset. Smoking is legal whether people like it or not. It is easy to attack
people who are in the minority. Lawmakers promised a sunset to tobacco industry in
1991 and broke that promise.
- 280 Rep. Concurred with Lewis' support of sunset.
Shetterly
- 287 Chair Asked Reps. Lewis and Beyer to change their motion to amend -2 amendments into -1
Brian amendments.
- 291 Reps. **MOTION TO MOVE HB 2411 -2 AMENDMENTS INTO HB 2411 -1**
Beyer,
Lewis **AMENDMENTS.**
- 295 Chair **ASKED MEMBERS FOR ANY OBJECTIONS TO MOTION TO MOVE HB**
Brian **2411-2 AMENDMENTS INTO HB 2411 -1 AMENDMENTS. NOTED**
 OBJECTIONS.
- 6 - 2 - 1**
- IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS,**
 LEWIS, SHETTERLY, SIMMONS; VICE CHAIR BEYER, CHAIR BRIAN.
- 295 **VOTE** **MEMBERS VOTING NO: REPS. RASMUSSEN, STROBECK.**
- MEMBERS EXCUSED: REP. CORCORAN.**
- MOTION CARRIED.**
- 306 Vice Chair **MOTION TO MOVE HB 2411 -1 AMENDMENTS AS AMENDED BY HB 2411**
Beyer **-2 AMENDMENTS INTO HB 2411.**

309 All Questions and discussion concerning proper procedure for passing bills with multiple amendments.

353 Chair Brian **REPEATED PROCEDURE: ASKED FOR ANY OBJECTIONS FROM MEMBERS TO ADOPTION OF HB 2411 -2 AMENDMENTS INTO HB 2411. NOTING OBJECTIONS OF REPS. RASMUSSEN AND STROBECK, CHAIR SO ORDERED.**

364 Vice Chair Beyer **MOTION TO MOVE HB 2411 AS AMENDED TO FLOOR WITH DO PASS RECOMMENDATION.**

380 Vice Chair Beyer **MOTION TO SUSPEND THE RULES IN ORDER TO CONSIDER MOVING HB 2411 WITH MULTIPLE AMENDMENTS.**

394 Chair Brian **ASKED MEMBERS IF ANY OBJECTIONS TO SUSPENSION OF RULES FOR THE PURPOSE OF MOVING HB 2411 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION. NOTING NO OBJECTIONS, CHAIR SO ORDERED.**

7 - 1 - 1

IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.

402 VOTE **MEMBERS VOTING NO: REP. LEWIS**

MEMBERS EXCUSED: REP. CORCORAN

MOTION CARRIED.

TAPE 204 SIDE B

WORK SESSION - HB 2066

022 Chair Brian Reopened work session for HB 2066 to suspend rules.

028 Vice Chair Beyer **MOTION TO SUSPEND THE RULES TO REPASS HB 2066 TO THE FLOOR WITH MULTIPLE AMENDMENTS.**

030 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO SUSPENDING THE RULES TO REPASS HB 2066 TO THE FLOOR WITH MULTIPLE AMENDMENTS. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

041 Rep. Strobeck **MOTION TO MOVE HB 2066 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.**

7 - 1 - 1

IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. EDWARDS,

**LEWIS, RASMUSSEN, SHETTERLY, STROBECK; VICE CHAIR BEYER,
CHAIR BRIAN.**

043 VOTE

MEMBERS VOTING NO: REPS. SIMMONS.

MEMBERS EXCUSED: REP. CORCORAN.

WORK SESSION -- HB 2007 and HJR 37

Directed members' attention to HB 2007 -3 amendments (EXHIBIT K): Modify original Rainy Day Fund plan (funding public education).

Refer to schematic flow chart, "HB 2007-3 (HJR 37) Basic Structure" (EXHIBIT L)

076 Ed
Waters

-3 sets up rainy day fund where any general fund revenues greater than forecast amount would go to rainy day fund at end of biennium. In addition, lottery revenues in excess of \$600 million would go to fund. They would accrue until fund balance exceeded 7 % of general fund balance for that biennium. When that occurred, excess would be distributed according to a formula.

Refer to HJR 37 -3 (EXHIBIT M): Provisions are same as in HB 2007 -3

Refer to outline (EXHIBIT N)

A: Why the Rainy Day Fund is Needed

133 Paul
Warner

- 1) Highly cyclical state economy
- 2) Highly elastic tax structure
- 3) Centralization of public finance
- 4) 2-year projections

5) Bond ratings

B: Implementation Concerns

174 Warner 2) Respond to both expenditure and revenue generated fiscal emergencies

3) Separation of lottery and general fund

4) Maintain revenue forecast independence

205 Warner Summarized, rainy day fund is long fund overdue, urged committee to maintain flexibility.

208 All Questions and discussion concerning Warner testimony.
405 Warner Addressed situations that would trigger use of rainy day fund. Projected deficit could trigger it.

TAPE 205 SIDE B

041 Chair Announced possibility of an important meeting with committee this afternoon at 1:00.
Brian Will discuss this with members later.
050 Chair Adjourned meeting at 10:20 a.m.
Brian

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

- A. SJR 27, Reeder, Revenue Impact of Proposed Legislation, 1 p.
- B. SJR 27, Reeder, Staff Measure Summary, 1 p.
- C. SJR 27, Reeder, Fiscal Analysis of Proposed Legislation, 1 p.
- D. HB 2066, Reeder, Proposed Amendments: HB 2066 -3, 5 pp.
- E. HB 2066, Reeder, Proposed Amendments: HB 2066 - 4, 1 p.
- F. HB 2411, Yates, Proposed Amendments: HB 2411 -1, 1 p.
- G. HB 2411, Yates, Proposed Amendments: HB 2411 -2, 1 p.
- H. HB 2411, Yates, No Fiscal Impact statement, 1 p.
- I. HB 2411, Yates, Revenue Impact of HB 2411, 1 p.
- J. HB 2411, North, Testimony on House Bill 2411 by Rick North, 3 pp.

K. HB 2007, Waters, Proposed Amendments: HB 2007 -3, 10 pp.

L. HB 2007, Waters, HB 2007-3 (HJR 37-3) Basic Structure, 2 pp.

M. HJR 37 -3, Waters, Proposed Amendments: HJR 37 -3, 6 pp.

N. HB 2007, Warner, Testimony on SJR 25 - May 8, 1997, 1 p.

O. HB 2007, Wimmer, testimony of Laurie Wimmer, Oregon Education Association, 1 p.

P. HB 2007, Waters, Proposed Amendments: HB 2007 -2, 1 p.