

WORK SESSION: **HB 2047, HB  
2048**

**TAPES 54, 55 A/B, 56**

**A**

HOUSE REVENUE COMMITTEE

**FEBRUARY 21, 1997 8:30 AM HEARING ROOM A STATE CAPITOL  
BUILDING**

MEMBERS PRESENT: Rep. Tom Brian, Chair  
Rep. Lee Beyer, Vice-Chair (Arrived 8:40 a.m.)  
Rep. Tony Corcoran (Arrived 8:39 a.m.)  
Rep. Randall Edwards (Arrived 8:39 a.m.)  
Rep. Leslie Lewis (Excused, arrived 9:19 a.m.)  
Rep. Anitra Rasmussen (Arrived 8:46 a.m.)  
Rep. Lane Shetterly (Arrived 8:40 a.m.)  
Rep. Mark Simmons (Arrived 8:35 am.)  
Rep. Ken Strobeck (Arrived 8:37 a.m.)

WITNESSES PRESENT: Tim Nesbitt, Oregon Public Employees Union

Robert Cantine, Association of Oregon Counties

Edward House, Oregon Library Association

Jenny Cooper, Multnomah County

Michael Gaston, Siuslaw Library District

Gary Underwood, State Legislative Committee for AARP

Bob Cantine, Association of Oregon Counties

Carol Samuels, League of Oregon Cities

Noel Klein, Special Districts Association

Tom Chamberlain, Oregon State Firefighters

Pat West, Oregon State Firefighters

Brian Dalachmidt, Oregon Council of Police Associations

STAFF PRESENT: James Scherzinger, Legislative Revenue Officer

Barbara Guardino, Committee Assistant

TAPE 054 SIDE A

007 Chair Brian Called meeting to order at 8:35 a.m. Recessed to wait for a quorum.

021 Chair Brian Called back to order at 8:48 a.m.

023 Jim Scherzinger Measure 47 Progress Summary (EXHIBIT A) pointed out major changes, particularly decisions on shift restrictions.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording.

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**FIREWALL CALCULATION**

042 Chair Brian Began discussion with topic of firewall (school/non-school split).

048 Scherzinger Example Allocation of Measure 47 Reductions - School/non-school Firewall (EXHIBIT B)

085 Scherzinger Example School/non-school split  
Corrected addition error

108 Scherzinger Example of district-wide data, K-12 levy system operation.  
Code Area One, school and non-school rates before M5 limit.

Assuming  
a district must go through M47 calculation.

Question is how to allocate the revenue reduction. First, split it into schools and non-schools on a proportional basis.

178 Rep. Shetterly Does not see a public education priority in this reduction process.

182 Scherzinger If figured on a priority basis, there is nothing in this formulation that does

that. Argument is if schools are back-filled and not non-schools, that's a type of prioritization.

198 Scherzinger Page 2, converted 1997-98 reduction into fixed share for schools, non

schools. (Schools =38.46 %; nonschools=61.54%) This split has been

called the "firewall." Shares will stay the same despite actions by each government.

205 All Questions and discussion concerning firewall, back-fill decisions that affect schools.

302 Scherzinger Example deals with revenues within limit, not the local option. Local option comes into play after the M47 reduction.

316 All Questions and discussion concerning formula, back-fill, loss allocation, revenue distribution, firewall.

Rep. Shetterly M47 has raised the back-fill to a constitutional mandate. Referred to M47

Section 7 (allocation of revenue reductions).

377 Rep. Strobeck Question concerning non-schools having levy authority, 38/61 split.

454 Scherzinger A potential problem exists no matter how levies are limited, that a district

might use taxing authority, and not have enough taxing authority to collect their fixed share. They must be allowed to get new authority within the cap.

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**TAPE 055 SIDE A**

038 Scherzinger The only solution is to allow districts to ask for more levies under the cap.

No solution, if districts don't have enough authority, they can't get it under current constitutional structure.

067 Tim Nesbitt Discussed how the firewall might work. In regard to legal requirements,

if Section 7 of M47 requires prioritization of revenue reduction, and that

mandates state replacement funding for schools, it seems replacement

funding would be mandated for public safety (non-schools) as well.

098 Nesbitt If revenue reduction, which attaches to prioritization, is not done on the

front end, it is extending to replacement funding.

Even a small amount of prioritization for schools would have a big impact.

142 Nesbitt Effect over time from the firewall. Lots of ramifications for schools.

Gave example of effects of a firewall: Port of Portland will collect \$4.8

million next fiscal year in property tax money for operations, not counting

bonds. County is suffering \$22 million loss. Portland schools will lay off

400 teachers if barred by the firewall.

168 Chair Brian Question is how to stabilize situations like Nesbitt described.

Special districts could shift their authority over to schools.

188 All Questions and discussion concerning Nesbitt testimony.

212 Bob Cantine Comment that this creates a one-way firewall is correct. A separation

needs to be both ways.

246 Rep. Lewis Shared concern with counties about a one-way firewall. Some governments could be overrun by the reductions.

**DEFINITION: LIBRARIES**

260 Chair Brian Introduced library representatives.

276 Edward House Discussed libraries and their impact on education. Refer to testimony,

"Oregon Library Association" (EXHIBIT C). Paraphrased.

Requested

committee give priority to public libraries when making budget reductions. Students depend on libraries for much of their education.

388 Jenny Cooper Multnomah County recently passed a bond to renovate its central library,

which reopens in April. At the same time, this library could lose millions of dollars.

Multnomah County departments have begun budget discussions

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concerning M47 losses. County has been going through a series of city and county hearings. One- third of the public who participated in these hearings were concerned about the libraries.

### **TAPE 54 SIDE B**

038 Cooper Gave examples of potential library cuts in Multnomah County: Up to 8 of

the 14 smaller branches could close. All would lose hours; no libraries

would be open on Sundays; book purchase would decrease 40%.

Telephone information service would be eliminated; children's librarians

would lose their jobs, eliminating services for at-risk children.

128 Cooper Requested including bonds in the base in equating taxes for Multnomah

County, other measures to minimize effects of M47 cuts.

138 All Questions and discussion concerning Multnomah County budget cuts in

general, percent of reductions.

198 Michael Gaston Testified on recommendations (EXHIBIT D, EXHIBIT E). He is a director of a library district, has given notice of layoffs of one-third

of

staff effective April 1, 1997. Half of book budget has been cut out.

Praised committee for going in the right direction. Proposed in terms of reallocation: Shifting funds less than .03 %. M47 prioritizes public safety and public education. Nowhere does it say public education is school districts.

247 Gaston Requested committee insert language to define public libraries as an educational institution.

326 Rep. Shetterly Expressed concern about expanding the definition of public education.

This would open the door for other ancillary educational services to be included in the definition of education.

348 All Questions and discussion concerning including libraries in public education, possibly giving libraries priority under non-school side of the ledger, state-wide impact.

### **TAPE 055 SIDE B**

080 Rep. Strobeck Suggested turning question of library funding over to counties.

090 Gaston Summed up testimony: M47 says to prioritize public education.

Therefore, libraries should be prioritized. Issue is whether public libraries are educational.

102 Gary Underwood Refer to testimony (EXHIBIT F). Paraphrased. Elderly people utilize

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libraries heavily. In the small town of Lyons and surrounding communities, people depend on the city library.

139 Cantine M47 mandates increased local control. Loss of local control has many

consequences. Appropriate place for decision about libraries is local jurisdictions. Adding to the directive of M47 is not appropriate. To do so

would raise the question of unfunded mandates.

Dealing with this issue on the state level weakens communities.

185 Cantine If libraries are education, the state should fund them the same way they fund schools.

191 Carol Samuels Concurred with Mr. Cantine's comments. Inappropriate to prioritize for libraries when there are so many other demands on resources.

199 Noel Klein Intent of the Governor's Policy Advisory Committee was to allow local decisions as much as possible.

### **DEFINITION: PUBLIC SAFETY**

239 Tom Chamberlain Concerned with M47's definition of public safety and local governments

(EXHIBIT G). Definition grants discretion within budgets to keep support staff and support services at the expense of firefighters and police

officers. Believes voters, in passing M47, were trying to keep as many

public safety personnel on the streets as possible. Requested committee

change language to prioritize firefighters, 911 operators and police officers.

Concerned with public safety allocation formula.

291 Pat West Supported Chamberlain's request.

Example of effects of cuts: Salem Fire Dept. had 2,150 runs in 1975 with

149 firefighters. In 19916, it had 13,000 runs and 146 firefighters.

The

square miles covered doubled. Also, fire departments have taken on EMS

functions. Therefore, a 20% cut to services will jeopardize lives.

338 West Please remember that citizens prioritized public safety.

344 All Questions and discussion concerning public safety (fire districts).

### **TAPE 056 SIDE A**

039 Scherzinger Summed up by example, the proposal: City of Salem would categorize its

1995-96 expenditures based on what is public safety. The percent that is

public safety would not take an additional cut; the percent that is not public safety would take an additional cut.

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047 Brian Dalaschmidt Police are concerned with: Response times; adequate police staffing; number of officers; officer safety.

Many rural communities do not have adequate police backup. If definition results in further deleting police, there will be safety concerns.

066 Scherzinger Definition of Public Safety has not been presented to committee yet.

It was written in response to request for a more detailed definition.

078 Chair Brian Adjourned meeting at 10:37 a.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James  
Committee Assistant Revenue Office Manager

**EXHIBIT SUMMARY:**

A. HB 2047, Scherzinger, Measure 47 Progress Summary, 8 pp. B. HB 2047, Scherzinger, Example Allocation of Measure 47 Reductions, 2 pp. C. HB 2047, House, Oregon Library Association testimony, 1 p. D. HB 2047, Gaston, Memorandum, 2 pp. E. HB 2047, Gaston, Proposal to Prioritize Public Libraries, 2 pp. F. HB 2047, Underwood, Written testimony, 1 p. G. HB 2047, Chamberlain, Definition of Public Safety, 1 p.

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