

WORK SESSION (INVITED TESTIMONY): SB 346A

PUBLIC HEARING & WORK SESSION:

HB 3709, HB 2134, HB 2066, HB 2129

TAPES 196, 197 A/B 198, 199 A/B, 200 A

HOUSE REVENUE COMMITTEE

JUNE 4, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Leslie Lewis (Arrived 9:23 a.m.)

Rep. Randall Edwards

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

WITNESSES PRESENT: Rep. Randall Edwards, District 15

Jack Bierwirth, Portland Public Schools

Rep. Jo Ann Bowman, District 19

Jeffrey B. Millner, Attorney for Portland Public Schools

Gerald Bennett, Linn-Benton-Lincoln Education Service District

John Marshall, Oregon School Boards Association

George W. Brown, OSU College of Forestry

Steve Jacky, Assistant State Forester

Ray Craig, Assistant State Forester

Doug Tistadt, Oregon Department of Forestry

Tom Linhares, Columbia County Assessor

Susan Browning, Department of Revenue

Gary Carlson, Association of Oregon Counties

STAFF PRESENT: Steve Meyer, Economist

Ed Waters, Economist

Brian Reeder, Economist

Jim Scherzinger, Legislative Revenue Officer

Barbara Guardino, Committee Assistant

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TAPE 196 SIDE A

012 Chair Brian Called meeting to order at 8:30 a.m. Opened work session SB 346A.

WORK SESSION (INVITED TESTIMONY) -- SB 346A

027 Rep. Edwards Refer to written testimony verbatim (EXHIBIT A) "Testimony of Rep. Randall Edwards House Revenue Committee June 4, 1997". Concerning adding a regional cost factor to the distribution formula.

Refer to letter from Donald S. McClave (EXHIBIT B)

Rep. Refer to SB 346 -A44 (EXHIBIT C). Addresses this change in the distribution formula.

- 084 Edwards Encouraged committee to adopt -A44 to achieve equity in distribution of funds.
- 109 All Questions and discussion
- 151 Jack Bierwirth Refer to information packet (EXHIBIT D) beginning with written testimony verbatim, in favor of HB 346A. Expressed concern about "the inclusion of a cost of doing business factor in the formula." Issue has been raised before, but not dealt with.
- 169 Bierwirth Continued verbatim testimony (page 1, bottom): "First, the history -"
- 253 Bierwirth Continued verbatim testimony (page 4): "Why is such a factor important?"
- 301 Bierwirth Summary: Portland Public Schools support:

1) Stable and adequate funding for public schools throughout the state.

2) Distribution of those funds according to a formula.

3) The use of a formula which is based upon factors which affect a district's ability to provide instruction services to students or the unique needs of various students.

- 326 Rep. Corcoran Questioned why Portland needs more money. Why is Portland's cost of doing business higher? Does Portland pay higher salaries?
Portland teachers are at a double disadvantage. Salaries are lower in Portland than in suburban districts; cost of living is higher.
- 346 Bierwirth Because of this, Portland is losing teachers to other districts.

TAPE 197 SIDE A

- 040 All Questions and discussion concerning cost of doing business.
Gave profile of typical Portland school, Beaumont Middle School in Northeast Portland. Total 705 students, 28.4 % are on reduced or free lunches. 19.7 % could be involved in Talented and Gifted (TAG) program if it was available.
- 085 Rep. Bowman School has 31.2 % African American population; 2.2 % Asian American, 1.9 % Hispanic American, 1.2 % American Indian. Average classroom has 35 students. Seven of these have special needs. Other students don't get the attention they need. Voiced support for cost of doing business formula.
- 136 All Questions and discussion on Bowman testimony.
Refer to written testimony (EXHIBIT E) concerning the need for definition of "equity" in funding. Equity must include regional cost factor to be fair to all students in all districts. Need for this is unique to urban districts. Because cost of education is higher in Portland, equity of expenditures per student will result in fewer opportunities for Portland students. Asked committee to incorporate, in final funding formula, original cost differential factor.
- 162 Jeff Millner
- 215 Rep. Simmons Agreed with need, but disagreed that cost of living is higher in Portland. In Elgin, cost of gas, housing, heat are higher. Disagreed that Portland students are deprived compared to rest of state. Only a few districts are doing well.

- 280 Bierwirth Many of his colleagues in superintendent's task force raised many of same issues. When superintendent's committee recommended study, he supported it. Factors in formula should be based upon two things: differences from one district to the next; and data from each community.
- 345 All Questions and discussion concerning Portland's need for regional cost factor.

TAPE 196 SIDE B

- 040 Rep. Edwards Noted, lawmakers get upset when Average Daily Membership Weighted (ADMW) numbers keep rising. Asked Bierwirth to explain Portland numbers. State has not achieved equity, needs to expand its view of equity and adjust formula.
Discussed equity runs contained in exhibit packet.
- 060 Bierwirth Noted, differences for small schools does not show because small schools factor is factored into ADMW. Need separate column to show how much less per student some districts are getting. The runs are on ADMW basis, and therefore factors are submerged into numbers and can be deceiving.
- 120 Rep. Lewis Asked how much money would this cost of doing business formula shift from equity districts into urban districts. Was told it would be \$150 million.
Does not know. No run has been done.
- 123 Bierwirth A rough calculation is, smaller remote schools factor moves about \$1,200 per student. Equity formula would move only 5 - 7 % per ADMW above state average.
- 159 Gerald Bennett Commented concerning regionization of cost and services. Education Service Districts spread services with a great deal of uniformity. Noted, Oregon Public Education Network (OPEN) is trying to deliver technology to every classroom in Oregon.

On behalf of all 21 ESD's, urged committee to support SB 346 -A37, relating to ESD funding.
- 184 Bennett ESD's have been trying to retrieve losses since 1991, when replacement factor for Education School Districts(ESD's) was 100 %. That dropped to 71.3 %. This had big impact on services to every school throughout Oregon. Urged committee to increase 71.3 % to 75 %.
- 297 Chair Brian Directed members' attention to SB 346 -30 amendments (Refer to June 2, Exhibit C). Concerning Northwest Regional ESD's.
- 309 Vice Chair Beyer **MOTION TO MOVE SB 346 -A30 AMENDMENTS INTO SB 346A.**
- 321 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A30 AMENDMENTS INTO SB 346A. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 327 Chair Brian Directed members' attention to SB 346 -A31 amendments (Refer to June 2 Exhibit G). Proposes an audit be required of funding formula factors.

358 Rep. Edwards **MOTION TO MOVE SB 346 -A31 AMENDMENTS INTO SB 346A.**

361 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A31 AMENDMENTS INTO SB 346A. HEARING NO OBJECTION, CHAIR SO ORDERED.**

363 Chair Brian Directed members' attention to SB 346 -A35 amendments (EXHIBIT F).

374 Vice Chair Beyer **MOTION TO MOVE SB 346 -A35 AMENDMENTS INTO SB 346A.**

378 All Questions and discussion.

456 Chair Brian **ASKED MEMBERS FOR ANY OBJECTION TO MOVING SB 346 -A35 AMENDMENTS INTO SB 346A. REPS. EDWARDS AND RASMUSSEN VOICED THEIR OBJECTIONS.**

TAPE 197 SIDE B

7 - 2

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

MEMBERS VOTING NO: REPS. EDWARDS, RASMUSSEN.

MOTION CARRIED.

037 Chair Brian Directed members' attention to SB 346 -A37 (Refer to June 2, Exhibit H). To fund ESD's at 75 % of M5 level.

060 Rep. Simmons **MOTION TO MOVE SB 346 -A37 AMENDMENTS INTO SB 346A.**

065 All Questions and discussion concerning -A37 amendments.

111 Rep. Simmons **AMENDED MOTION TO CHANGE 71.3 % FUNDING FIGURE TO 75.0 %.**

116 All Questions and discussion

138 Rep. Corcoran Would prefer to talk to his school districts about this before voting. Requested to see a run to reflect the impact of a 75 % funding level. Lewis concurred.

168 Chair Brian Suggested committee not move to adopt -A37 amendments at this time. Members agreed.

189 Chair Brian Directed members' attention to SB 346 -A39 amendments (EXHIBIT G) Sets forth distribution system for anticipated \$50million for one-time grants to school districts.

Rep. **MOTION TO MOVE SB 346 -A39 AMENDMENTS INTO SB 346.**

- 199 Shetterly
- 201 Steve Meyer Commented on differences between -A39 and -A40 amendments. In
-A39 there is no date for distribution; no language in -A39 to keep separate account.
- 207 Rep. Shetterly **WITHREW MOTION.**
- 210 Meyer Explained, language that did not get included in -A39 got into -A40.
- 258 Rep. Corcoran Questions and discussion
Asked, who are the winners and losers pertaining to the funding formula.
- 268 Chair Brian Generally, districts with high weight factors would tend to be better off under this approach.
ASKED MEMBERS FOR CONCEPTUAL AGREEMENT ON CHANGES TO 346 -A39 AMENDMENTS:
- 278 Chair Brian **REFERENCE TO SCHOOL DISTRICTS PLACING MONIES RECEIVED UNDER THIS SECTION IN A SEPARATE ACCOUNT. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 288 All Questions and discussion concerning possible second change, whether grant monies should be distributed in one payment each distribution year
- 351 John Marshall Encouraged committee to distribute funds on a one-time basis near beginning of school year.
- 396 Reps. Edwards, Lewis Concurred with one-time grant payment.
- 414 Chair Brian Committee will resume this discussion later today with new amendments. Directed members' attention to SB 346 -A40 amendments (EXHIBIT H). Addresses education bond issue. Total \$150 million; \$100 million would be sold and distributed first year of biennium; \$50 million in second year of biennium. Distributed ADMW extended, provides list of ways money can be used. Requires it be placed in separate account.

TAPE 198 SIDE A

- 026 Rep. Strobeck **MOTION TO MOVE SB 346 -A40 AMENDMENTS INTO SB 346.**
- 043 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A40 AMENDMENTS INTO SB 346. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 046 Meyer Reviewed SB 346 -A41 amendments (EXHIBIT I). Deletes unnecessary language.
- 053 Rep. Edwards **MOTION TO MOVE SB 346 -A41 AMENDMENTS INTO SB 346.**

Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A41 AMENDMENTS INTO SB 346. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

058 Chair Brian Directed members' attention to SB 346 -A42: Front loads distribution of funds to cover timing, should timing be held up as result of implementation of M50.

062 Rep. Shetterly **MOTION TO MOVE SB 346 -A42 AMENDMENTS INTO SB 346.**

064 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A42 AMENDMENTS INTO SB 346. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

064 Rep. Edwards **MOTION TO MOVE SB 346 -A44 AMENDMENTS INTO SB 346. -A44.**

072 Reps. Lewis, Simmons Objected to -A44 amendments. Will vote against motion.

106 Rep. Edwards Defended -A44 amendments. COSA study could be used as beginning point in determining regional cost factor. As in past, Department of Education would decide regional cost factor. Could add language to require them to report back to legislature. Noted, this is not a situation of urban districts against rural.

159 Rep. Rasmussen Suggested forming a work group to examine cost of doing business to report back to committee this afternoon.

170 Rep. Shetterly Objected to -A44 amendments.

189 Chair Brian Observed, this amendment would constitute a cost shift of existing funds. Hopes issue can be resolved, but this is not the time.

205 Rep. Edwards Committee should have had this discussion earlier, during appropriation process. Asked if committee would be interested in making this effective 1999 biennium. No one expressed interest.

2 - 7

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

218 **VOTE MEMBERS VOTING NO: REPS. CORCORAN, LEWIS, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

MOTION FAILED.

227 Chair Brian Commented, equity is not mathematical equality, even though this has been the goal. Now that lawmakers are close to achieving mathematical equality, they need to address true equity, including cost of doing business. Believes topic needs to be addressed during interim.

- 239 Rep. Edwards Expressed appreciation for consideration of -A44 amendments
- 243 Rep. Simmons Withdrew small school amendment that was before the committee.
- 258 Meyer Reviewed SB 346 -A45 amendments (EXHIBIT K): In SB 346, districts that had over \$7,000 for extended ADMW for 1996-97 were singled out for a decrease to \$6,720 in 1997-98. This amendment excludes one of the two districts, Riverdale, and would leave Petersburg.
- 264 Rep. Lewis Objected to amendment. Riverdale has \$1.3 million in reserve, and can weather the decrease. Also, if exempt one, why not the other?
- 276 Chair Brian Explained, Riverdale is a different matter from Petersburg. Its distribution is high because of local effort.
- 301 All Questions and discussion
- 326 Chair Brian **ASKED FOR A MOTION FOR SB 346 -A45. NO MOTION. COMMITTEE WILL DEFER CONSIDERATION.**
- 336 Meyer Reviewed SB 346-A46 (EXHIBIT L): Repeals sunset date of June 1997. During 1996 special session, for students in county correctional facilities, local ESD is responsible for their education, not their home community. A sunset was placed on this so it would be up for review. Dept. of Education would like to repeal sunset in order to continue current practice.
- 378 Vice Chair Beyer **MOTION TO MOVE SB 346 -A46 AMENDMENTS INTO SB 346.**
- Chair Brian **ASKED MEMBERS FOR ANY OBJECTION TO MOVING SB 346 -A46 AMENDMENTS INTO SB 346. HEARING NO OBJECTION, CHAIR SO ORDERED.**
- 408 Chair Brian Anticipated, this afternoon committee will reconsider -A37, -A39, -A45. Continued work session on SB 346 for afternoon. Opened public hearing and work session for HB 2134.

TAPE 199 SIDE A

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PUBLIC HEARING AND WORK SESSION -- HB 2134

- 036 George Brown Refer to written testimony in support of HB 2134 (EXHIBIT M): Requested committee approve a forest products harvest tax rate of 55 cents per thousand board feet in support of Forest Research Laboratory for calendar years beginning Jan. 1, 1998 and 1999. Current rate is 50 cents.

Increase provides for inflationary costs only.

(Refer to "Investment: Oregon State University Forest Research Laboratory" EXHIBIT N; and "FRL Biennial Report 1994-96" EXHIBIT O).

049 Steve Jacky Refer to written testimony (EXHIBIT P). Explained, 70 cents per thousand board feet would go support the Oregon Forest Practices Act.

060 Brown Noted, Oregon Forest Industries Council supports this bill; Oregon Small Woodlands Association is expected to support it.

065 Vice Chair **MOTION TO SUSPEND RULES FOR THE PURPOSE OF INSERTING**
Beyer **NUMBERS INTO HB 2134.**

077 Chair Brian **ASKED MEMBERS FOR ANY OBJECTION TO SUSPENDING RULES FOR**
THE PURPOSE OF INSERTING NUMBERS INTO HB 2134. HEARING NO
OBJECTION, CHAIR SO ORDERED.

068 Vice Chair **MOTION TO AMEND HB 2134 IN THIS WAY: PAGE 1, LINE 7 INSERT**
Beyer **"55" CENTS PER THOUSAND FEET; AND ON LINE 21 INSERT "70"**
CENTS PER THOUSAND FEET.

Reps.

085 Lewis, Declared conflict of interest.
Corcoran

101 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOTION TO INSERT "55"**
INTO LINE 7; AND "70" INTO LINE 21. HEARING NO OBJECTIONS,
CHAIR SO ORDERED

104 Vice Chair **MOTION TO MOVE HB 2134 AS AMENDED TO THE FLOOR WITH A DO**
Beyer **PASS RECOMMENDATION.**

8 - 0 - 1

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

106 **VOTE** **MEMBERS EXCUSED: REP. RASMUSSEN.**

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

121 Chair Brian Closed work session on HB 2134. Opened public hearing on HB 2129.

PUBLIC HEARING -- HB 2129

125 Ray Refer to written testimony (EXHIBIT T) in support of HB 2129. Does not anticipate
Craig opposition to bill. Western Oregon Small Tract Optional Tax (WOSTOT) was created in
1961. Creates optional tax for woodland owners of small properties. Gave brief historical
overview of WOSTOT. Bill does three things:

1) Removes funding date for WOSTOT and 30 % under-productive forestland conversion tax credit;

continues funding for Western Oregon Timber Tax account

2) Taps Eastern Oregon Timber Tax Account to fund technical assistance in Eastern Oregon

3) Modifies WOSTOT by eliminating eligibility for Christmas trees and lands platted for subdivision

178 Craig Summarized, non-industrial land owners want keep this tax, they want be taxed as small land owners, not as large. State Forestry Department recommends passage of bill.

182 Doug Tistadt Bill does not address designated forestland program.

189 Vice Chair Beyer Would prefer to talk about this bill at a time when they don't have to rush.

232 Chair Brian Recessed meeting at 11:00 a.m.

AFTERNOON CONTINUED MEETING: SB 346A, HB 3709, HB 2066

235 Chair Brian Reconvened meeting at 4:05 p.m.

PUBLIC HEARING AND WORK SESSION - HB 2066

353 Tom Linhares Discussed HB 2066 -2 amendments (EXHIBIT U). Amendments are satisfactory, will be more items to incorporate into bill. Does not see a problem with moving bill as is, and incorporating amendments on the Senate side.

285 Chair Brian Will consider bill at a later date when an economist is present.

CONTINUED WORK SESSION -- SB 346

301 Steve Meyer Reviewed SB 346 -A47. Deals with ESD funding. Includes replacement of 75 % of M5 loss instead of 71.33 % offered in -A37 amendments.

322 Rep. Simmons **MOTION TO MOVE SB 346 -A47 AMENDMENTS INTO SB 346A.**

326 Rep. Lewis Commented, will support amendments, but expressed concerns that ESD monies are distributed unevenly. Committee must look at this in interim.

333 Chair Brian **ASKED COMMITTEE FOR ANY OBJECTIONS TO MOVING SB 346 -A47 AMENDMENTS INTO SB 346A. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

339 Meyer Reviewed -A48 amendments (EXHIBIT Z): Deals with one-time classroom needs distribution. Language added to replace -A39 amendments. New language in line 4 says this money will be distributed in one payment prior to August 15. Also, change in ADMW count used from current year to prior distribution year.

388 Vice Chair Beyer **MOTION TO MOVE SB 346 -A48 AMENDMENTS INTO SB 346A.**

- 396 Chair Brian **ASKED COMMITTEE FOR ANY OBJECTIONS TO MOVING SB 346 -A48 AMENDMENTS INTO SB 346A. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 399 Meyer Reviewed SB 346 -A49 amendments (EXHIBIT AA): Deals with capital grants. Replaces -A40 amendments.
- 408 Rep. Lewis Commented, bonding for deferred maintenance will put state in position of paying for longer time than useful life, and double cost. Will not object, but must be aware that when committee does bonding, it should be a capital asset.
- 440 All Questions and discussion

TAPE 198 SIDE B

- 027 All More questions and discussion on SB 346 -A49.
- 130 Vice Chair Beyer **MOTION TO MOVE SB 346 -A49 AMENDMENTS INTO SB 346A.**
- 140 Rep. Strobeck Will support amendments, although with reservations. Considers this section to be inseparable from total school funding package.
- 156 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING SB 346 -A49 INTO SB 346. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 166 Meyer Reviewed SB 346 -A51 (EXHIBIT BB): This is all amendments incorporated together, except to fill in two blanks: Page 4 line 9 fill in "75 %" for ESD's ; and line 28 fill in "7.46 %".
- 182 Vice Chair Beyer **MOTION TO SUSPEND RULES FOR THE PURPOSE OF INSERTING THE APPROPRIATE PERCENTAGES ON PAGE 4, LINES 9 AND 28 .**
- 185 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO SUSPENDING THE RULES FOR THE PURPOSE OF INSERTING THE APPROPRIATE PERCENTAGE AMOUNTS ON PAGE 4, LINES 9 AND 28. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 188 Vice Chair Beyer **MOTION TO AMEND SB 346 -A51 AMENDMENTS ON PAGE 4: ON LINE 9 INSERT "75 %"; ON LINE 28 INSERT "7.46 %".**
- 194 Chair Brian **ASKED MEMBERS FOR ANY OBJECTIONS TO AMENDING SB 346 -A51 AMENDMENTS ON PAGE 4. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**
- 208 Vice Chair Beyer **MOTION TO MOVE SB 346 -A51 AMENDMENTS INTO SB 346A**

9 - 0

211 VOTE **IN A ROLL CALL VOTE, ALL MEMBERS PRESENT VOTED AYE: REPS. CORCORAN, EDWARDS, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

MOTION CARRIED.

221 Vice Chair **MOTION TO MOVE SB 346A TO THE FLOOR AS AMENDED WITH A DO**
Beyer **PASS RECOMMENDATION.**

Questions and discussion.

265 VOTE **IN A ROLL CALL VOTE, ALL MEMBERS VOTED AYE: REPS. CORCORAN, EDWARDS, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER, CHAIR BRIAN.**

MOTION CARRIED. CHAIR BRIAN WILL LEAD DISCUSSION ON THE FLOOR.

PUBLIC HEARING AND WORK SESSION -- HB 3709

339 Chair Directed members' attention to HB 3709. This bill considers whether state should tax
Brian lottery winnings similarly to federal government.

347 Ed Directed members' attention to HB 3709 -2 amendments (EXHIBIT CC): Allow state to
Waters assess income taxes on lottery prize in excess of \$600. Instructs Oregon State Lottery
Commission to withhold income taxes on prizes over \$600. Effective date, Jan. 1, 1997.

366 All Questions and discussion

383 Chair Asked if anyone present who wishes to testify. None. Closed public hearing on HB
Brian 3709, opened work session.

Vice **MOTION TO MOVE HB 3709 -2 AMENDMENTS INTO HB 3709.**

389 Chair Questions and discussion.
Beyer

TAPE 199 SIDE B

020 All Questions and discussion concerning lottery taxation.

066 Chair **ASKED MEMBERS FOR ANY OBJECTIONS TO MOVING HB 3709 -2 INTO**
Brian **HB 3709.**

076 Rep. Objected to amendments as well as to the bill. Lottery preys on members of society
Lewis least able to afford it. They are already being taxed.

111 Chair **NOTING THE OBJECTIONS OF REP. LEWIS, CHAIR SO ORDERED.**
Brian

113 Vice Chair **MOTION TO MOVE HB 3709 AS AMENDED TO THE FLOOR WITH A DO**
Beyer **PASS RECOMMENDATION.**

7 - 2

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

115 VOTE

MEMBERS VOTING NO: REPS. LEWIS, SIMMONS.

MOTION CARRIED. VICE CHAIR BEYER WILL LEAD THE DISCUSSION ON THE FLOOR.

WORK SESSION -- HB 2066

146 Jim Scherzinger Gave overview of HB 2066 -2 (EXHIBIT U): This amendment puts into statute the \$10,000 cancellation of personal property taxes with respect to M50. Section 1 of the amendments raises this amount to \$10,000. Section 5 imposes new penalties on personal property tax return.

194 Tom Linhares Refer to handout (EXHIBIT X) "Proposed Property Tax Return Penalties" Referred to "Severed Mineral Rights Accounts Survey" (EXHIBIT FF). Current penalties are based on value of personal/real property return. That is \$1 per \$1000 of value; with a minimum of \$10 and maximum of \$250.

214 All Little incentive for a property owner to file on time or at all. Questions and discussion concerning "other charges"

286 Linhares Believes this tax creates a huge work load for very little revenue. Noted, one of purposes of M50 was to streamline system.

294 Gary Carlson Expressed AOI's concern for a need for significant notice to taxpayers when this penalty goes into effect. Penalties have changed substantially.

358 Chair Brian Also, questioned extensions for filing. Asked Linhares and Carlson to work with economist Brian Reeder to come up with language in relation to filing deadlines (notice and date issues).

402 All Questions and explanation concerning chart (EXHIBIT FF).

TAPE 200 SIDE A

060 Brian Reeder Referred to HB 2066 -2 amendments, page 11, line 6: Specifies effective date for penalties. Some of those deadlines have already passed.

074 Linhares Was under impression new penalties would go effect into 1998. Bill needs to be corrected to reflect this.

087 Reeder Refer to HB 2066 -2, page 11, lines 4-6: Changing date to July 1, 1998 would create

another problem. Need new section, one referencing 1997 and one referencing 1998.

107 Chair
Brian Closed work session for HB 2066.

121 Chair
Brian Adjourned meeting at 5:15 p.m.

Submitted by, Reviewed by,

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Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. SB 346, Edwards, Testimony of Rep. Randall Edwards Regarding: Regional Cost Differences in School Funding, 2 pp.

B. SB 346, Edwards, Portland Chamber: Testimony of Donald S. McClave, 1 p.

C. SB 346, Edwards, Proposed Amendments: SB 346, 1 p.

D. SB 346, Bierwirth, Portland Public Schools: Testimony on SB 346-A for Committee on House Revenue, 184 pp.

E. SB 346, Millner, Testimony on SB 346-A by Jeff B. Millner, 3 pp.

F. SB 346, Brian, Proposed Amendments: SB 346 -A35, 1 p.

G. SB 346, Brian, Proposed Amendments: SB 346 -A39, 2 pp.

H. SB 346, Brian, Proposed Amendments: SB 346 -A40, 2 pp.

I. SB 346, Meyer, Proposed Amendments: SB 346 -A41, 1 p.

J. SB 346, Brian, Proposed Amendments: SB 346 -A42, 1 p.

K. SB 346, Meyer, Proposed Amendments: SB 346 -A45, 1 p.

L. SB 346, Meyer, Proposed Amendments: SB 346 -A46, 4 pp.

M. HB 2134, Brown, Written Testimony In Support of HB 2134, Dr. George W. Brown, Director, Forest Research Laboratory, Oregon State University, 1 p.

N. HB 2134, Brown, Investment: Oregon State University Laboratory; Dividend: Knowledge for Oregon's Forests and Industries, 24 pp.

O. HB 2134, Brown, FRL: Forest Research Laboratory, Biennial Report 1994-1996, 87 pp.

P. HB 2134, Jacky, Oregon Department of Forestry RE: House Bill 2134 - Forest Products Harvest Tax, 2 pp.

Q. HB 2134, Yates, Forest Products Harvest Tax Rates: History, 1 p.

R. HB 2134, Yates, Staff Measure Summary, 1 p.

S. HB 2134, Yates, Revenue Impact of Proposed Legislation, 1 p.

T. HB 2129, Craig, Oregon Department of Forestry RE: House Bill 2129 - WOSTOT, 2 pp.

U. HB 2066, Reeder, Proposed Amendments: HB 2066 -2, 20 pp.

V. HB 2066, Reeder, No Fiscal Impact statement, 1 p.

AS. HB 2066, Reeder, Revenue Impact of Proposed Legislation, 2 pp.

X. HB 2066, Reeder, Proposed Property Tax Return Penalties, 1 p.

Y. SB 346, Meyer, Proposed Amendments: SB 346 -A47, 2 pp.

A@. SB 346, Meyer, Proposed Amendments: SB 346 -A48, 2 pp.

AA. SB 346, Meyer, Proposed Amendments: SB 346 -A49, 2 pp.

AB. SB 346, Meyer, Proposed Amendments: SB 346 -A51, 11 pp.

AC. HB 3709, Waters, Proposed Amendments: HB 3709 -2, 2 pp.

AD. HB 3709, Waters, No Fiscal Impact statement, 1 p.

AE. HB 3709, Waters, Revenue Impact of Proposed Legislation, 1 p.

AF. HB 2066, Linhares, Severed Mineral Rights Accounts Survey, 1 p.