

PUBLIC HEARING AND  
WORK SESSION ON SB 60  
WORK SESSION ON SB 346  
TAPES 097 - 098 A/B, 099 A

**SENATE REVENUE COMMITTEE**

---

**APRIL 1, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING**

---

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes (arrived at 9:25 a.m.)

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: Sen. Jeannette Hamby, District 5, Portland

Ozzie Rose, Confederation of Oregon School Administrators

Richard Paul, Chairman, Charitable Checkoff Commission

Claire Puchy, Oregon Department of Fish & Wildlife

Cynthia Thompson, Children's Trust Fund

Carla Rathbun, Alzheimers Research Alliance

Staff: Ed Waters, Economist

Steve Meyer, Economist

Carol Phillips, Committee Assistant

-

**TAPE 097, SIDE A**

005 Chair Baker Opened meeting at 9:10 a.m.

OPENED PUBLIC HEARING ON SB 60

- 011 SenJeannette Hamby Here to add historical perspective to SB 60 issue. It took six years (three sessions) of hard work in the early 1980's to add Children's Trust Fund to checkoff. In 1987 the only options for taxpayers were the Arts Fund and the Wildlife Fund. There is a following of citizens who continue to use the checkoff to contribute to certain funds. Cautions not to consider a revolving account with Alzheimers Research and Children's Trust Fund because they continue to receive significant support. Would be too confusing for taxpayers to see them on the form for a few years, off for a few years, then back on the form.
- 040 Vice Chair Bryant There is a waiting list of ten to be on form. Asked Sen. Hamby if she objects to that, to which she does not. Rotation not intended to victimize those on list, but to add others and give more opportunities.
- 056 Sen. Hamby Questioned allowance of \$50,000 over two-year period versus \$50,000 per year. Confident that additions to list by next session would give enough time to see which are popular and have established a statewide following.
- 071 Vice Chair Bryant Suggested dropping the two with the lowest amounts received and then allow two more to take their place. That way it would revolve on its own.

CLOSED PUBLIC HEARING ON SB 60

OPENED PUBLIC HEARING ON SB 346

- 087 Ozzie Rose Exhibit A - State School Fund Run 25. State School Fund has \$4.5 billion for 1997-99 biennium. It is the same amount of money as in Run 26, which constrains the formula and gives \$87 to Portland and \$50 to other flat funders, etc. Run 25 has no constraints; the formula just runs. The only way it varies is that the Portland PERS bond and desegregation is not counted as local revenue.

Overall, equity districts get about \$12 per student more if the formula is run without

- 104 Rose constraint. Instead of getting \$87 per student, Portland would get \$100 and would be an equity district at full equity with no constraints on formula.
- 131 Chair Baker Stated he does not know if he will be here next session or not, but wants the record to show that it would be his intention to run unconstrained formula. The exceptions should be gone in a very short time with no further historical references to how districts were funded in the past.
- 150 Rose The process is now very close to where they have been trying to get for five years. Highest district is Crane Union High at \$5,800, most of which is created by their boarding school costs, and the lowest is district is \$4,114 which is 7% below the mean.
- 164 Sen. Bryant Regarding the non-constrained formula, would favor Run 26 over Run 25 with the easier letdown rather than all at once; but Run 25 is helpful as a reference point.
- 177 Steve Meyer Exhibit B - SB 346 (-20). Read and discussed changes. This Amendment replaces the (-17) dealing with the facility grant. Questions and discussion interspersed.
- 221 Rose Selling used portables between school districts would not necessarily be a bad thing. Further discussion regarding 6% facility grant and what school districts may or may not do with it. Questions and discussion interspersed.
- 310 Sen. Leonard Asked Mr. Rose if a school district bought a used portable for \$75,000 for a classroom, and the district had surplus desks and other equipment to put into the classroom, could the district use the \$4,500 facility grant to, as an example, repair a roof on a different building?
- 317 Chair Baker The (-20) does not constrain a district to use funds only for improvements to the building.
- 328 Sen. Leonard I guess the answer is yes, they can use the money for anything they want and does not necessarily have to be to furnish the building.
- 329 Chair Baker Technically yes, once the money gets into their general fund general account, they could use it for teachers' salaries if they wanted to.
- 350 Meyer Further explanation of (-20). Section 7 states these Amendments do not affect the sunset date of the 1996 legislation.
- 356 Sen. Duncan Voiced concern about future sessions trying to interpret what was passed here.
- 367 Chair Suggested removing the word "new" from line 9 page 5, and removing words "school site" and replace with "school district" page 5 line 10. The same changes are needed

Baker beginning line 20 page 8.

399 Chair MOVES THE (-20) AMENDMENTS TO SB 346 BE ADOPTED.  
Baker HEARING NO OBJECTION, THE CHAIR SO ORDERED.

**TAPE 098, SIDE A**

002 Meyer Exhibit C - SB 346 (-21). Read and discussed changes. Replaces the old (-18) dealing with PERS and desegregation for Portland.

035 Chair MOVES THE (-21) AMENDMENTS TO SB 346 AS AMENDED.  
Baker HEARING NO OBJECTION, THE CHAIR SO ORDERED.

037 Chair Asked Meyer what the Committee has left to do with SB 346.  
Baker

039 Meyer Meyer outlined changes to date. The Committee has adopted the (-20) and (-21), also adopted the (-16) which deals with out-of-state disability education placement. The (-19) has yet to be discussed, but with additional changes will become the (-22) for discussion 4/2/97.

055 Sen. Asked if it would be appropriate to have an amendment drafted regarding how to lower  
Leonard the funding to Riverdale and Petersburg.

059 Chair Said that would be discussed at the 4/02/97 meeting. Also said ESD meeting would be  
Baker set for Friday morning or next week. Discussion for tomorrow is Riverdale and Petersburg funding reduction and whether it should be gradual or immediate. Questions and discussion interspersed.

CLOSED PUBLIC HEARING ON SB 346

OPENED PUBLIC HEARING ON SB 60

172 Richard Been on commission since 1991. Commission has not been terribly active. Here to give  
Paul prospective of Checkoff Commission as to what may or may not be wrong with the Commission. Chief problem is limited number of spaces on Oregon tax return. Under existing statutes the Commission has had to accept applications from charities who want to be on tax return. The other problem is no turnover on the list. Only one change since 1991. Asking charities to supply commission with information, Commission looks it over, then the Commission names first alternate if and when there is ever an opening on the list. Real problem is how to provide opportunity for other charities to get on return. If there is

a regular rotation, the Commission would have more work. Number of alternatives to fix situation.

219 Sen. Duncan Sen. Bryant suggested dropping off last two...is that good idea?

224 Paul Two is a small number, but it is a possibility.

242 Chair Baker Asked if keeping on list for five years, dropping for two, then getting back on was a good idea.

245 Paul His personal opinion is it would be a better way to fix the situation. If entities knew that within three or four years they had a chance of getting onto the form there would be far more applicants than the ten or 12 on the waiting list now. Inclined to believe personally that some sort of mandatory rotation would be helpful.

265 Paul Nongame Wildlife, Children's Trust Fund, and Alzheimers Research Alliance, while on checkoff form by statute, are still subject to the reaching \$50,000 donation level. Personally would not have any "most favored" entity status. Every charity has something worthwhile, but even those on by statute should have to meet the \$50,000 level.

307 Claire Puchy Coordinator of Wildlife Diversity Program. Appreciates intent, but opposes SB 60. In 1979 legislation created Nongame Wildlife checkoff. It was the first Oregon checkoff, but second in the nation. Oregon copied idea from Colorado. Since then program has been copied successfully by most states. Nongame program is not a charity but a state program. Was a way for all citizens, especially those who do not fish or hunt, to support a program. Adding other charities to checkoff reduces funds available to others on the list. Important to consider legislative history. The checkoff originally was not considered seed or startup money. It was the funding mechanism for the program. Under some federal programs can leverage \$9.00 federal dollars for every state \$1.00 of checkoff, and sometimes \$3.00. What would state do to replace dollars to program not received through checkoff?

#### **TAPE 097, SIDE B**

016 Chair Baker Asked what program's total budget is and what percentage does checkoff provide?

018 Puchy Budget is approximately \$2 million per biennium. Receive about \$250,000 per biennium through checkoff. But these dollars leverage considerable federal funds beyond that. They also receive some General Fund money and are entitled to 50% of interest generated off agency's ending balance. Also federal grants and any other donations they can acquire from individuals, corporations, etc.

Exhibit D - Written testimony. Opposed to SB 60. One comment made throughout hearings is that checkoff was meant to be short-term funding source. Supports increasing number of entities. Regarding form modification, concerned that in making

- 030 Cynthia Thompson them the checkoff box would be removed. It would be less clear if list of names only. First rule of fund raising is make it easy for donors to give. Will there be room for additional changes in body of tax form? Concerned with rotational approach to checkoff form. Total budget is \$2 million for biennium.
- 110 Carla Rathbun Exhibit E - Written testimony. Opposed to SB 60. Feels strongly that making decisions about rotation, etc. has been discussed before, and that is why the Charitable Commission was established.
- 130 Chair Baker Interjected that the Charitable Commission has done nothing in five years!
- 131 Rathbun Rathbun stated the Commission should be made more accountable and make them do some work, such as selecting entities for the checkoff and not bringing this before a Revenue Committee. Stated there are 10,000 not-for-profit organizations in Oregon. Does the Senate Revenue Committee want to listen to each and every one of them make their case? Proposal is that it is fine to add more to the checkoff, just don't take Alzheimers Research Alliance off. This is something the Charitable Checkoff Commission should be dealing with, not the Senate Revenue Committee. Annual budget of \$250,000. \$97,000 of that last year was from charitable checkoff. Have been able to build financial support over the years. Should be a mechanism continuing to make these charities visible to taxpayers for checkoff. Believes \$50,000 criterion is good. As other entities are added to the list, those that cannot maintain that level should rotate off. Questions and discussion.
- 212 Rathbun Feels Oregon's economy is booming, and the market can bear additional charities; but wants to keep cutoff limit at \$50,000, not higher.
- 213 Jim Conley Opposes Nongame Wildlife's removal from list. This was not a seed money program. In 1979 went to Rep. Richards to get organization on list. Never any discussion of start-up or seed money. Thought it would be a permanent fixture. Nongame Wildlife does not get money from hunting or fishing licenses, etc. Program has been successful, but funds declined as number of charities on list increased.

#### CLOSED PUBLIC HEARING ON SB 60

- 286 Chair Baker Sen. Bryant has suggested an alternative mechanism, which would be to rotate off the lower funded two entities on list rather than five-years-on-and-two-off. Asked for a consensus on moving in that direction. Said Legislative Counsel could draft something for discussion. Questions and discussion.
- 302 Chair Bryant Two conditions should be fulfilled: An entity must make \$50,000 in a two-year period, plus even if they reach \$50,000 the bottom two entities would come off. Further questions and discussion.

- 337 Chair  
Baker Stated he would work with Legislative Counsel to draft some language for discussion. Prefers that the three entities on the checkoff by statute come off statute and have to reach the \$50,000 level required of the other entities.
- 340 Sen.  
Dukes Regarding when good new programs come onto the checkoff and needing a few years to gain momentum, recalled when Children's Trust Fund first came on. It was advertised heavily with billboards, mailings, television spots, etc. There should be a certain obligation on the part of new entities to promote themselves as much as possible so they would be successful in achieving the \$50,000 minimum even in a first-year situation.
- 389 Chair  
Baker Because there are three entities on the checkoff by statute, suggested all those non-statutory entities be subject to rotation off.
- 402 Chair  
Baker Adjourned meeting at 10:29 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

-

Exhibit Summary:

A. SB 346, Rose, State School Fund Run 25, 8 pages

B. SB 346, Meyer, (-20) Amendments, (CH/ps) 3/28/97, 8 pages

C. SB 346, Meyer, (-21) Amendments, (CH/ps) 3/28/97, 8 pages

D. SB 60, Thompson, Assorted written testimony, 29 pages

E. SB 60, Rathbun, Written testimony dated 4/01/97, 3 pages