

PUBLIC HEARING ON HB 2080

WORK SESSION ON SB715 SB998 TAPES 149 - 150 A/B

**SENATE REVENUE COMMITTEE**

---

**MAY 13, 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

Sen. Verne Duncan

Sen. Tom Hartung

Members Excused: Sen. Randy Leonard

Witnesses: Dave Kim, Vice Chair, State Board of Tax Service Examiners

Brian Teller, State Board of Tax Service Examiners

Staff: Steve Meyer, Economist

Ed Waters, Economist

Carol Phillips, Committee Assistant

-

**TAPE 149, SIDE A**

005 Chair Baker Opened meeting at 9:09 a.m.

OPENED WORK SESSION ON SB 715

- 013 Sen. Dukes Exhibit A - (-2) Amendments. The bill now applies only to the Columbia 5j school district. Clarifies statutes regarding the two existing ways to separate a school district. One way is the school board could petition to the boundary commission, which in this case is the Education Service District ("ESD"). The other way is for 500 people in the district to petition to the board. Since this bill applies only to Columbia 5j, it is believed that the Clatskanie portion of the district will be the one to retain the current district name and the Napa end would get a new name. The only issue not covered is setting up a tax base. That issue is in Measure 47 and the Measure 50 rewrite, and will be addressed there. Discussion of ESD funds and their allocation. Questions and discussion interspersed.
- 074 Steve Meyer Asked Sen. Dukes if the funds to be distributed from the ESD to the school districts would be in cash or services.
- 077 Sen. Dukes Replied that the way it has been worked out is it translates into the same thing. The ESD has put a price on their services, and they use the cash that is available to them.
- 080 Meyer Continued that he had some concern if money would be picked up by formula, if it was a transfer of funds to those school districts. Asked if that aspect had been checked with Legislative Counsel.
- 083 Sen. Dukes Said she had not asked that question of Counsel.
- 084 Meyer Said he does think it was the intent that that would happen, to which Sen. Dukes agreed. Added that it might be safer to add language to that affect.
- 090 Sen. Duncan Stated that during the interim ESDs would be studied in general.
- 096 Sen. Dukes Said this was a beginning. Believes the ESD collects about \$1 million total annually. Astoria 1c school district will be \$800,000 short this school year. The problem is partly timber revenue and partly an inability to collect the tax rate they were before. Columbia 5j will be \$200,000 short. Tillamook and Seaside schools are having financial difficulty as well.
- 107 Chair Baker Confirmed that Sen. Dukes will check with Legislative Counsel on the allocation issue.
- 110 Meyer Discussed the (-2) Amendments in detail. (-2) replaces the bill. Sections 1 and 2 deal with state managed county trust forest and the distribution of funds for the ESD. It locks in ESD's portion of tax rate as it was for 1995-96. Other portions would continue as they have been based on share of total rate excluding ESD rate for distributing timber money.

Funds would go to small school districts in Clatsop, Columbia, and Tillamook Counties based on what they would get under new process compared with what they would have under old procedure.

127 Meyer Section 4 addresses Columbia 5j's being able to divide district into two smaller districts, but this opportunity sunsets on 7/1/2000. School board of former district will be board for two smaller ones until another is elected for the new district. Funds will be reallocated based on figures for each district. No prior data for new district. Employees of new district will not lose any accumulated seniority or sick leave. Accumulated real and personal property will be divided between the two districts. Section 6 addresses language dealing with any debt or unexpired serial levies divided between the two new districts. Questions and discussion interspersed.

176 Sen. Hartung Asked Sen. Dukes how many schools will be in each district.

177 Sen. Dukes Replied there is a high school and K-8 in Napa., and there is a high school, a grade school, and two middle schools in Clatskanie. One of those middle schools will probably close because of shortage of funding.

CLOSED WORK SESSION ON SB 715

OPENED WORK SESSION ON SB 998

225 Ed Waters Exhibit B - Revenue Impact Statement and Exhibit C - (-2) Amendments. The last time this bill was discussed the (-1) Amendments did not exactly address the problem, so the (-2) Amendments were created. The language therein will solve the problem for the few income tax payers who were harmed under the requirement of HB 2204 from the 1995 session. Questions and discussion.

272 Chair Baker MOVES (-2) AMENDMENTS TO SB 998 BE ADOPTED.  
HEARING NO OBJECTION, THE CHAIR SO ORDERED.

MOVES SB 998 AS AMENDED TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

274 Chair Baker ROLL CALL VOTE: MOTION CARRIES: 5 - 1 - 0

SENATORS VOTING AYE: DUKES, DUNCAN, HARTUNG, BRYANT, BAKER.

SENATOR ABSENT: LEONARD

Sen. Dukes will carry the bill on the Senate Floor.

OPENED PUBLIC HEARING ON HB 2080

- 291 Waters Summarized that HB 2080 increases certain fees charged by the State Board of Tax Service Examiners for tax consultants licenses, tax preparers licenses, etc.
- 310 Dave Kim Exhibit G - Written testimony. Stated that these fees were last changed ten years ago. Expressed gratitude to Members of the Senate Revenue Committee for the hard work, dedication, and sacrifice they have made for the citizens of Oregon. Urges passage of HB 2080. Read written testimony.
- 362 Brian Teller Exhibit H - Read written testimony.
- 428 Sen. Hartung Asked why is there a separate Board of Tax Service Examiners. Could that not be taken care of through CPAs?
- 435 Kim Answered that tax accounting and regular accounting are two different fields. The tax law is very complicated; even for tax professionals it is hard to keep up with all the changes. Questions and discussion interspersed.

**TAPE 150, SIDE A**

- 037 Sen. Hartung Stated that there are so many boards and commissions that when they keep increasing fees, it is simply another form of taxation. These fee increases seem to fly in the face of those who would like to make government smaller, more productive, and more efficient, but understands why some increases are necessary.
- 043 Sen. Bryant Stated he has a bill that has six pilot projects with these types of commissions that would make them semi-private. It would reduce government and they would not have to go through Ways & Means process. The bill is currently in Business, Law & Government.

CLOSED PUBLIC HEARING ON HB 2080

OPENED WORK SESSION ON HB 2080

- 062 Chair Baker MOVES HB 2080 TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

ROLL CALL VOTE: MOTION CARRIES: 4 - 0 - 2

SENATORS VOTING AYE: DUNCAN, HARTUNG, BRYANT, BAKER.

SENATORS ABSENT: DUKES, LEONARD.

Sen. Duncan will carry the bill on the Senate Floor.

083 Chair  
Baker

Adjourned meeting at 9:40 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

Exhibit Summary:

- A. SB 715, Meyer, (-2) Amendments, (CH/ps) 5/12/97, 5 pages
- B. SB 998, Waters, Revenue Impact Statement, 1 page
- C. SB 998, Waters, (-2) Amendments, (DJ/ps) 4/10/97, 2 pages
- D. HB 2080, Waters, Staff Measure Summary, 1 page
- E. HB 2080, Waters, Revenue Impact Statement, 1 page
- F. HB 2080, Waters, Fiscal Impact Statement, 1 page
- G. HB 2080, Kim, Written testimony dated 5/13/97, 2 pages
- H. HB 2080, Teller, Written testimony dated 5/13/97, 2 pages
- I. HB 2080, Teller, Fee increase schedule, 2 pages