

Tapes 1-2 Side A

SENATE SPECIAL SESSION COMMITTEE ON GOVERNMENT AFFAIRS

---

FEBRUARY 1, 1996 9:30 AM HEARING ROOM E STATE CAPITOL BUILDING

---

Members Present:                 Senator Greg Walden, Chair  
  Senator Ken Baker  
  Senator Ron Cease  
  Senator Paul Phillips  
  Senator Cliff Trow

Staff:                                 Mike Stinson, Legislative Fiscal Office  
  James Scherzinger, Legislative Revenue Officer  
  Kim Taylor James, Committee Assistant  
  Carolyn Brooks, Committee Assistant

Work Session - LC 332 (Relating to Lottery Shortfall)  
Work Session - LC 312 (Sine Die)  
Public Hearing & Work Session - SB1161 (LC 332 Relating to Lottery Shortfall)  
Public Hearing - HB3478 -(North South Light Rail Project)  
Public Hearing - HB3479 - (Columbia River Light Rail Transit Compact  
Public Hearing - HB3480 - (Financing for Extension of Light Rail System)

TAPE 001 SIDE A

001     CHAIR WALDEN called the meeting to order at 9:40 am. Walden explained the first order of business was to adopt committee rules (Exhibit 1)

008     SEN. TROW voiced his support for the proposed committee rules, however, he would like the have the opportunity for file minority reports but did understand Senate Rules adopted did not allow them.

012     MOTION:         SEN. TROW moved adoption of the rules before the committee with two corrections: strike the word "House" and replace with word "Senate" in paragraph 1 and 7.(e) .

Discussion

020     ORDER There being no objection, CHAIR WALDEN so ordered.

Work Session - LC 332 (Relating to Lottery Shortfall)  
Work Session - LC 312 (Sine Die)

020     CHAIR WALDEN moved on to the next order of business, introduction of LC drafts.

022     MIKE STINSON directed members attention to LC 332, a measure dealing with the anticipated shortfall in lottery revenues and LC 312, the sine die resolution.

027 MOTION SEN. BAKER moved LC 332 be introduced as a committee bill.

028 ORDER There being no objection, CHAIR WALDEN so ordered.

029 MOTION SEN. BAKER moved LC 312 be introduced as a committee bill.

030 ORDER There being no objection, CHAIR WALDEN so ordered.

discussion

034 CHAIR WALDEN recessed the meeting at the call of chair at 10:05 am.

-----  
-----

Public Hearing - SB1161 (LC 332 Relating to Lottery Shortfall)

Please refer to the minutes of the House Special Session Committee On Government Affairs for the record of the portion of this meeting held in conjunction with the House Special Session Committee On Government Affairs for the purpose of hearing testimony on SB1161.

-----  
-----

TAPE 1 SIDE A (continued)

045 CHAIR WALDEN reconvened the meeting at 1:45 PM.

Work Session - SB1161 Relating to Lottery Shortfall)

051 CHAIR WALDEN clarified a public hearing had been held earlier in the day in conjunction with the House Special Session Committee on Government Affairs in addition to a day long hearing (1/31/96 Special Senate Committee on Government Affairs).

054 MOTION SEN. PHILLIPS moved SB1161 to the floor with a do pass recommendation.

057 MOTION SEN. CEASE moved to amend the previous motion to add SB 1161-2, with a correction to line 15 striking "combined State School Fund al", on line 16 strike "location and", and on line 17 replace "\$4,319.11" with \$1,488.14". (Exhibit 4)

071 SEN. CEASE clarified the amendment reflected the testimony of Representative Josi and Ozzie Rose at the earlier public hearing on SB1161 (1/31/96 - Special Senate Committee on Government Affairs) which would: 1) provide for 1/3 of excess property taxes revenues to go to flat funded districts, and the remaining 2/3 excess property tax revenues going to equity districts, and 2) ensures districts would not receive less than before relating to average daily membership.

082 SEN. CEASE explained the motion was to address the school funding problem by helping districts that have absorbed funding cuts for a period of time who have few options left in cutting costs.

115 MIKE STINSON explained the impact of the amendment. Section 7 of SB1161 "does not preclude the computation and distribution of the \$5 million excess" property tax revenue "in the second year of the biennium, it simply makes a statement with regard to added moneys allocated by the Emergency Board being counted in the computation. "t is conceivable that valuation growth and ADM decreases might implement that kicker irrespective of these other actions."

126 SEN. CEASE agrees with Stinson's comments and notes for the record there is a feeling on the part of the school districts that although that may be true .

131 JIM SCHERZINGER clarifies his understanding of the amendments is that they set a new target for kicking in extra funds in the second year replacing the \$5 million that is there currently. It changes the target in two ways: 1) bases it only on local revenues so whatever the State might do from a lottery shortfall, etc. will not matter, and 2) resets the targets for the current values so it uses a higher estimate of property taxes and uses a lower estimate of student count. If the current numbers came in exactly as forecast, SB1161-2 would not change the distribution. If, however, additional property moneys came or the student count came in lower in the right combination based on current numbers it would have no impact. "The impact based on current numbers is no impact but if things go in the direction of the proponents of measure think that it will, then moneys would be split 1/3, 2/3 to flat funded and equalization districts."

discussion

167 SEN. TROW voiced his support of the amendment because it would address some of the problems "now."

193 SEN. PHILLIPS opposed the amendment commenting "the debate has to be framed in slightly, different manner." Phillips continued politically and practically Oregon has gone father, faster than any other state in the nation towards equity. The Legislature put \$100 million more into basic school support fund than the Governor allocated, showing the Legislature's commitment to heighten funding for education. Phillips noted if the amendment was opened he would move his amendments plus others which would then open discussion of a voucher system, charter schools, etc.. Phillips supported the bill unamended.

262 SEN. BAKER discusses his frustrations as a past school board member with shortages of funds. He voiced his concerns that he does not have time to understand the full ramifications of the amendment and was not prepared to accept an amendment at this time and opposes amendment

303 VOTE In a roll call vote, the motion failed 3-2. Members voting no:  
Sens. Baker, Phillips, Walden, Members voting yes: Sens.  
Cease, Trow.

309 MOTION SEN. CEASE moves to amend the original motion with  
addition of SB1161-1 (Exhibit 5).

312 SEN. CEASE explained the amendment relates to Section 9 and contains language providing \$15 million for a COLA for Department of Human Resources contract providers (i.e., people who provide homes for the developmental disabled, etc.).

330 SEN. TROW noted he will support SB1161-1, however, he noted the people making the case for the amendment

did not appear at the hearing on the issue.

357 SEN. BAKER asked if the Emergency-Board has authority to do what is in SB1161-1

364 MIKE STINSON responds the Emergency Board does have authority.

371 SEN. WALDEN noted he is sympathetic to the providers and it is an issues to be dealt with in the next session. Walden continued he thought it amendment inappropriate at this time and would not support the amendment.

382 SEN. PHILLIPS noted the need to hold a public hearing to hear both sides on the proposed amendment, and would not support the amendment.

discussion

404 SEN. CEASE disagreed and characterized SB1161 bill as "Christmas tree bill."

TAPE 2 SIDE A

005 SEN. TROW commented on the importance of putting back some of the money because of the lottery shortfall in education. He continued there were clearly other problems created by the lottery shortfall and emphasized the importance of using the general fund to handle problems faced today.

discussion

025 SEN. WALDEN responded to discussion it did not make sense to build on the base budget for the next biennium

035 VOTE: In a roll call vote, the motion failed 3-2. Members voting no: Sen. Baker, Phillips, Walden, Members voting yes: Sen. Cease, Trow.

038 SEN. CEASE asks about status of funds of the gambling addiction program funding.

045 SEN. WALDEN stated his hope that the Emergency Board would review that issues and act upon it.

Discussion

056 SEN. TROW emphasized one of the social costs of the lottery funds is gambling addiction that was accepted and urged backfilling \$400,000 for the lottery addiction treatment program.

071 MOTION SEN. TROW moved a conceptual amendment to appropriate an additional \$400,000 to fund the gambling addiction shortfall.

question

087 SEN. TROW clarified he is moving to amend SB1161 to provide for general fund back up for this as is being done for education.

086 MIKE STINSON clarified there were no cuts being advanced in SB1161, there is a proposal to put forward resource to offset the possibility of some cuts coming in the future. To specifically enact Trow's proposal an increase the \$25 million appropriation to the Emergency Board by \$400,000 specifically for that purpose. Another way was to state

within the \$25 million, \$400,000 to be available for the program.

101 SEN. TROW preferred to increase the amount by \$400,000.

discussion

107 VOTE: In a roll call vote, the motion failed 3-2. Members voting no:  
Sens. Baker, Phillips, Walden, Members voting yes: Sens.  
Cease, Trow.

111 MIKE STINSON provided for the record clarification of a Section 8 provision in SB1161 which resets the beginning amount for determination of the kicker. The "intention is it be the net amount of appropriation" so if there a disappropriations through the movement, not only the added amounts be considered but the "net thereof."

discussion

121 MOTION SEN. PHILLIPS moved SB1161 to the floor with a do pass recommendation (this motion is a restatement, the motion is already on the table).

123 VOTE In a roll call vote the motions passed 5-0. Members voting Yes:  
Sen. Trow,

discussion

153 vote continues: Sens. Baker, Cease, Phillips, Walden (Sen.  
Phillips to carry)

discussion

173 CHAIR WALDEN recessed the meeting at 2:30 PM at the call of the chair

-----  
-----  
Public Hearing - HB3478 -(North South Light Rail Project)  
Public Hearing - HB3479 - (Columbia River Light Rail Transit Compact  
Public Hearing - HB3480 - (Financing for Extension of Light Rail System)

Please refer to the minutes of the House Special Session Committee On Government Affairs for the record of the portion of this meeting held in conjunction with the House Special Session Committee On Government Affairs for the purpose of hearing testimony on HB3478, HB3479, HB3480

-----  
-----

Kim Taylor James                      Carolyn Brooks  
Committee Assistant      Committee Assistant

Exhibit Summary:

- 1) Senate Special Session Committee on Government Affairs, Rules, 1 page
- 2) LC Draft 332, 1/30/96-1, 3 pages
- 3) LC Draft 312, 1/26/96, 1 page
- 4) Cease, Amendment SB1162-2, 2/1/96, 2 pages
- 5) Cease, Amendment SB1161-1, 2/1/96, 1 page
- 6) Stinson, Lottery Shortfall Numbers SB1161, LFO 1/30/96, 6 pages
- 7) Scherzinger, Revenue Impact of SB1161, LRO 2/1/96, 2 pages
- 8) Scherzinger, LRO School Finance Simulation, Run 96-7, 1/30/96, 7 pages
- 9) Scherzinger, LRO Memo, Calculation of State School fund Grants of Flat-Funded Districts (Revised), 1/30/96, 18 pages