

HOUSE COMMITTEE ON  
GENERAL GOVERNMENT AND REGULATORY REFORM  
SUBCOMMITTEE ON REGULATORY REFORM

March 6, 1995 Hearing Room 357  
1:15 PM Tapes 10

MEMBERS PRESENT:

Rep. Ken Strobeck, Chair  
Rep. Sharon Wylie, Vice-Chair  
Rep. Jerry Grisham  
Rep. Bryan Johnston  
Rep. Charles Starr

STAFF PRESENT:

Greg Moore, Committee Counsel  
Kay C. Shaw, Committee Assistant

MEASURES HEARD:

HB 2269 Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 10, A

004 CHAIR STROBECK: Calls meeting to order at 1:24 pm. All members are present.

CHAIR STROBECK: Explains that the final version of HB 2269-5 amendments from Legislative Counsel are flawed. Subcommittee will go ahead with the scheduled field trip to the State Printing Plant and then reconvene at 3:15 pm after the field trip -- amendments will also be available.

CHAIR STROBECK: Asks whether the timeline will affect anyone negatively.

CHAIR STROBECK: Opens the work session on HB 2269.

HB 2269 - WORK SESSION

Witnesses: Richard Yates, Legislative Revenue  
David Yandell, Office of Emergency Management  
Paul R. Snider, Association of Oregon Counties

027 GREG MOORE, Committee Counsel: Reviews the Preliminary Staff Measure Summary. The Preliminary Staff Measure Summary is hereby made a part of these Minutes (EXHIBIT A).

The HB 2269-5 amendments are hereby made a part of these minutes (EXHIBIT

B).

040 COUNSEL MOORE: Continues a review of the Preliminary Staff Measure Summary. Explains a major change in the structure (i.e., include cellular telephones and provide that anyone with access to the 9-1-1 system to pay the tax).

063 COUNSEL MOORE: Continues a review of the Preliminary Staff Measure Summary. Points out that the bill asks for the Office of Emergency Management to report back to the Legislature in 1998 on the status of enhanced statewide 9-1-1 and that GTE Mobilnet paid approximately \$1.5/\$1.7

Million in tax, based on the 5% rate tax, while other cellular providers maintained they did not have to pay the tax, because cellular was not a land-based line, it was a radio line.

088 CHAIR STROBECK: Asks for any questions or discussion.

REP. JOHNSTON: Requests more explanation about the refund.

COUNSEL MOORE: Provides the history that cellular phones did not exist in 1981 when the original 9-1-1 tax was implemented. Talks about the dispute with the cellular industry about whether they are liable for this 5% tax. Explains that GTE Mobilnet believed there was liability and began paying the tax (charging the subscribers) to the extent of \$1.7 Million.

REP JOHNSTON: Who is making up the \$1.7 Million?

107 CHAIR STROBECK: Says the discussions involved deciding whether it was either to proceed to collect the money from the companies who weren't paying the tax or, as the bill suggests, to declare an amnesty and then refund to the extent possible the amount that GTE paid.

115 CHAIR STROBECK: Continues explanation. Says the people receiving the refunds is not the company, but the individual subscribers and they must file a claim with the Office of Emergency Management. The estimated fiscal

impact would be about \$150,000 to be refunded over the next biennium. Explains the idea for the amnesty.

129 COUNSEL MOORE: Another justification for the waiver is that enhanced 9-1-1 costs much more. One of the disputes had by the cellular industry is

that "cell" phones by nature don't benefit from enhanced technology; therefore, the 75( is seen as a way of charging all phones the same.

140 REP. JOHNSTON: Points out there is a \$1.5 Million exposure under the proposed amendments.

COUNSEL MOORE: Corrects the exposure (i.e., possibly as high as \$1.7 Million).

148 CHAIR STROBECK: Asks Dick Yates whether the exposure is closer to \$1.7 Million?

DICK YATES, Legislative Revenue: Says "that number has to come from the Department of Revenue". In a discussion with Cindi Chinnock, Administrator, Collection Division, Department of Revenue, the exposure is above \$1.5 Million.

REP. JOHNSTON: Is in favor of keeping things out of court; however, other cellular companies have an interest in the \$1.7 Million liability, the liability should be spread around and should not be picked up by the state.

Explains that the state has colorable claim to these moneys.

164 CHAIR STROBECK: Thinks it is less than the idea there is no "guarantee" of a successful resolution and that it could be tied up another couple of years. Discusses other improper appropriations by the state that must now be repaid with interest. Since the law was ambiguous initially, there is no certainty the state would be victorious, and there is the risk of more liability, it would be best "to clear the decks and start with this new bill which clearly does add cellular telephones to the system, the 9-1-1 taxing base."

179 CHAIR STROBECK: Asks whether there is anything new that should be known?

MR. YATES: In terms of information and interpretation, there is no revenue impact, because the discussion was of "revenue neutral tax". Explains that the tax is sunsetted. Therefore, when there is a revenue impact for the amendments that are adopted, it will show substantial revenue impact, because of the comparison with a tax that sunsets. Says the revenue impact will show about \$28 Million for the 1995-1997 biennium, because the existing tax sunsets two quarters into the eight quarter period.

193 CHAIR STROBECK: So, the Governor's budget does not reflect that additional continuation past the sunset date or the additional collection?

MR. YATES: Will check -- not sure what is in the Governor's budget.

CHAIR STROBECK: Are you saying this will look like a new tax for a portion of the biennium?

MR. YATES: Yes, that's correct.

CHAIR STROBECK: FOR THE RECORD: This is not a new tax.

206 REP. JOHNSTON: Is it correct that the justification for the multiple PSAPs and the determination to justify those has to occur sometime before the continuation of the tax sunsets?

211 CHAIR STROBECK: No, there is a date that will be in the HB 2269-6 amendments: "that prior to December 31, 2001".

COUNSEL MOORE: Refers to HB 2269-5 amendments at Page 6, Line 14.

REP. JOHNSTON: Is it correct that that's the date this tax sunsets?

COUNSEL MOORE: Exactly. If a county is operating more than one primary PSAP then the county is supposed to report prior to the sunset and justify it.

CHAIR STROBECK: Do you have a suggestion about that?

225 REP. JOHNSTON: No.

CHAIR STROBECK: Explains the reasoning behind the language was because of the very sensitive "local" nature of these various multiple PSAPs. Says that most counties have already moved toward consolidation and based on discussions of this Committee over the past few weeks more are moving toward consolidation. However, "in order to get this program off the ground originally . . . required every agency involved in a county to agree to it." This gives them another few years to work on consolidation in local counties and allows them to operate independently, if they can prove the moneys are better spent operating multiple PSAPs than a single PSAP. Projects there will be a consolidation to at most one PSAP per county.

247 DAVID YANDELL, Office of Emergency Management: Refers to Chair Strobeck's comments and talks about an issue regarding language. Requests that Paul Snider provide a suggestion on language to clarify specifically how the report would be developed.

PAUL SNIDER, Association of Oregon Counties: Expresses concern about Section 14 of HB 2269-4 amendments that indicate the counties (i.e., county governing body) in which there is more than one PSAP would have both the burden and the privilege of demonstrating why it is important to have more than one PSAP in that county. Says that it is possible the county may not share that view with another local jurisdiction that feels the PSAP should continue. Submits new language: "that prior to December 31, 2001, any 9-1-1 jurisdiction that operates a primary public safety answering point in a county in which more than one primary public safety answering point is located shall demonstrate the benefit of having multiple primary public safety answering points in that county if it is of the view that more than one should continue to exist in that county." In other words, if there are more in the county, and each one thinks that it, or others, should continue to exist rather than having just one, it would place the opportunity and the burden on whoever thinks there should continue to be more than one. Opines that that is what was thought to be the Committee's intent for that language.

284 CHAIR STROBECK: Believes that Mr. Snider is correct -- it was the essential intent.

282 CHAIR STROBECK: Reviews the concern raised about the open-ended nature of the assessment and the fact that 75( per telephone unit/instrument could wind up being a great deal of money by the time this tax sunsets with no specific ceiling. Says the intent of a flat fund was to go ahead and complete the statewide conversion to an enhanced 9-1-1 system and then, when the law sunsets in 2001, the amount of money necessary to maintain support for local 9-1-1 operations can be adjusted downward, assuming the enhanced 9-1-1 system is completely installed.

314 REP. JOHNSTON: Will look at the \$1.5 Million tax question.

CHAIR STROBECK: Closes the work session on HB 2269. Explains that the field trip to the State Printing Plant is in preparation for HB 2823 which directs the State Printer to arrange for state printing services by contract with private printers (i.e., serve as a contracting agency rather than operating a printing facility). Meeting is recessed at 1:46 pm and to

reconvene at 3:15 pm.

329 CHAIR STROBECK: Reconvenes meeting at 3:15 pm. All members are present.

The HB 2269-6 amendments are made a part of these minutes (EXHIBIT C).

CHAIR STROBECK: Opines that the issue regarding the past taxation of the cellular companies has not been satisfactorily resolved. Appoints REP. BRYAN JOHNSTON to meet with the cellular companies affected in this decision and then submit a report later in the week.

361 REP. WYLIE: What about the potential HB 2269-7 amendments that were presented today?

CHAIR STROBECK: Explains the purpose for the potential HB 2269-7 amendments was to change the language, as suggested by Mr. Snider of AOC. Requests Committee Counsel to incorporate into the HB 2269-7 amendments both Mr. Snider's suggested language and the results from Rep. Johnston's discussion.

376 CHAIR STROBECK: Adjourns the meeting at 3:17 pm.

Submitted by, Reviewed by,

Kay C. Shaw Gregory G. Moore  
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

- A - Preliminary Staff Measure Summary on HB 2269 -- staff -- 1 page
- B - Proposed HB 2269-5 Amendments -- staff -- 7 pages
- C - Proposed HB 2269-6 Amendments -- staff -- 7 pages