

HOUSE COMMITTEE ON
LEGISLATIVE RULES

January 23, 1995
3:00 p.m. Tapes - 2

Hearing Room D

MEMBERS PRESENT:

Rep. Ray Baum, Chair
Rep. Lee Beyer, Vice Chair
Rep. Tony Corcoran
Rep. Peter Courtney
Rep. Lynn Lundquist
Rep. Bill Markham
Rep. Patti Milne
Rep. Lonnie Roberts
Rep. John Watt

STAFF PRESENT:

Cathryn Epley, Committee Administrator
Gretchen Haber, Committee Assistant

MEASURES HEARD: Adoption of Committee Rules
Public Hearing HJR 13

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 -A

007 REP. RAY BAUM, CHAIR called the meeting to order at 3:00 p.m.

013 CHAIR BAUM: are there questions regarding the rules?

024 REP. COURTNEY moves to adopt rules.

HEARING NO OBJECTIONS, COMMITTEE RULES ARE ADOPTED. Rep. Markham were not present at the time the motion passed.

Roberts and

026 Opens public hearing on HJR 13

Witnesses: Senate President Gordon Smith
Representative Cedric Hayden
Representative Bob Montgomery
Representative Chuck Carpenter
Representative Bill Markham

030 CHAIR BAUM: we'll meet Tuesday, Wednesday, and Thursday afternoons. On the table is discussion about setting aside lottery dollars for schools, and about establishing a trust fund for education. Let's achieve a bipartisan compromise on this issue.

041 REP. ROBERTS: are there other bills regarding these issues?

052 CHAIR BAUM: there are three or four vehicles, and we'll have an opportunity to hear those. HJR 15 is another bill we may be looking at.

060 CHAIR BAUM: our regular meeting schedule will be Monday, Tuesday, and Wednesday from 4-6 p.m., potentially.

073 CHAIR BAUM: introduces Senate President Gordon Smith to speak on HJR 13.

075 PRESIDENT SMITH: in favor of HJR 13 as a vehicle to ensure support for schools. Suggests the current lottery budget not be used, unless there are any unused dollars, but that the bill should begin with the next lottery fiscal year.

100 REP. ROBERTS: how much money are you proposing should be allocated?

104 PRESIDENT SMITH: it would be a substantial amount, with the goal being to solve the three hundred million dollar projected school funding shortfall.

116 PRESIDENT SMITH: lottery money is not the total answer, but a reliable, secondary source for school funding.

135 PRESIDENT SMITH: suggests that this measure also be referred to the people of Oregon for a vote.

143 REP. ROBERTS: we don't have a grasp on how the lottery commission is deciding financial priorities. I'm concerned about encouraging gambling; aren't you?

150 PRESIDENT SMITH: like you, I am not an advocate of gambling, yet I recognize the lottery as the only new source of money out there. There is a need for a schools trust fund to be established. Elaborates on trust fund.

169 REP. COURTNEY: the lottery will soon generate over a billion dollars.

176 PRESIDENT SMITH: yes, and government cannot spend this high amount of money effectively without more direction from the voters.

207 REP. ROBERTS: I understand the lottery is in competition with casinos on Indian Reservations. Asks about the impact on the reservations.

215 PRESIDENT SMITH: this state will be in competition with the reservations' casinos, although I am not sure of the exact financial impact. Discussion on finances ensued.

244 REP. ROBERTS: I want clarification on the financial numbers. How much money is available?

253 PRESIDENT SMITH: need to make a commitment to schools, the time to act is now.

259 CHAIR BAUM: no amendments are on the table right now. Clarifies Senate President Smith's proposal.

275 REP. COURTNEY: what would you title the trust fund?

276 PRESIDENT SMITH: "Education Trust Fund" or some such title.

284 REP. COURTNEY: why dilute its impact by spreading the dollars amongst higher education as well?

293 PRESIDENT SMITH: the use of rebates allow us to help financially needy students while bolstering revenue for higher education from the bottom up.

304 REP. CORCORAN:: after "Measure Five", there has been no relief provided to the poor or elderly. What about looking to corporate savings or corporate profits to help fill this gap as well, both to support an education trust fund idea as well as pick up the slack from "Measure Five"?

326 PRESIDENT SMITH: business definitely has an interest in education. I don't believe in business taxes which threaten jobs, and pass down additional costs to consumers. Hopes the business community will be supportive of the trust fund idea.

364 CHAIR BAUM: introduces Representatives Hayden, Montgomery, and Carpenter.

378 REP. HAYDEN, in favor of SJR13 as the chief sponsor of the bill. While gambling is cyclical, and I don't support gambling, I understand the casinos built are even developed with the intent of becoming non-gambling community centers as we anticipate gambling won't be here forever.

Tape 2-A

028 REP. MONTGOMERY, in favor of SJR13. At this point, we can earmark money for education legally, although it is important to take it to the voters. Presents budget numbers, showing money that has gone to economic development from the lottery. Many types of things over the years have been construed as econ. dev.

042 REP. CARPENTER, in favor of SJR13. The most important economic development we can do is education. As businesses consider relocating to Oregon, they always want to know about the strength of our education system. We need to invest in higher ed. It's clear we can do better at spending our lottery dollars. Our education system is at a crisis point.

068 REP. COURTNEY: how shall we divide the money up? Do we need to put in specific amounts of money, or a general direction?

079 REP. MONTGOMERY: discussion as to how this should be presented to voters.

092 REP. MILNE: it seems clear to direct higher ed. dollars towards loans. Specifically, how should we direct the money for K-12, or should we leave it general?

108 REP. CARPENTER: let's leave it open.

123 REP. HAYDEN: with regards to appropriating money: it's a difficult question. As a member of the Joint Ways and Means Committee, offers to be in continuing communication to answer that question.

135 REP. ROBERTS: I don't think voters are as concerned with the budget percentages as they are with the general concepts.

150 REP. COURTNEY: if we put in percentages, do we also need to specify what aspects of education we intend to fund?

162 REP. HAYDEN: once this has been referred to the voters, I think it will be well spent at any level of education.

172 CHAIR BAUM: hearing no further questions, Chair Baum thanks guests and introduces Administrator.

188 REP. CORCORAN: recognizes serious need for schools. Shouldn't school funding come from our general budget than out of gambling funds?

212 REP. CORCORAN: notes Oregonian article highlighting misuse of funds.

220 REP. ROBERTS: lottery money sure has exploded. No concrete way to define "economic development."

232 CHAIR BAUM: we do not spend state budget on schools efficiently. Need more control over how the money is spent.

260 REP. COURTNEY: will anyone else speak on this issue? Need to hear from the atty. gen. Chair Baum concurs. Need definition of the term "education". Need legal clarification in the legislative record.

287 CHAIR BAUM introduces Rep Markham to testify.

289 REP. MARKHAM: In South Dakota, 17% of the total budget was tied up in the lottery, and it was lost.

314 CHAIR BAUM: L.C. 2143 (EXHIBIT B), prepared by the Governors office, discusses the statutory language from a constitutional perspective. We'll invite the governor, and have opportunity for public testimony. Requests amendments to this be turned in ASAP.

344 REP. ROBERTS: cost of education keeps going up. Population increases are serious. We need to invest in education right away.

368 CHAIR BAUM: the Supreme Court will eventually rule on these issues.

377 VICE CHAIR BEYER: careful how we create these definitions. Chair Baum discusses. Wants lottery office to come in and discuss their administrative costs. Does this committee want budgetary oversight over this office? It has developed into a huge amount of money over the years.

Tape 1-B

014 CHAIR BAUM: comments. Need to get the experts here.

023 CHAIR BAUM adjourned meeting at 4:03 p.m.

Submitted by,

Reviewed by,

Gretchen Haber,
Committee Assistant

Cathryn Epley,
Committee Administrator

EXHIBIT LOG:

A- Committee Rules - Staff - 2 pages

B- L.C. 2143 - Staff - 2 pages