

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

PUBLIC HEARING: HB 2260
WORK SESSIONS: SB 1075, HB 2260, SB 562
HB 2275A AND SB 101
TAPES 124-125 A/B, &126A

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MAY 17, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present:

Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden

Witnesses:

Steve Telfer, City/County Insurance Services
Rocky King, Insurance Pool Governing Board and Oregon
Medical Insurance Pool
Arthur Fish, Oregon Economic Development Department
Thomas Hanson, National Association of Retired Federal Employees
Jim Larson, Oregon Association of Private Retirees
Mary Ann Gest, Oregon Public Retirees Union
Willie Harper, Federal Retiree
John Danielson, Oregon Education Association
John Marshall, Oregon School Boards Association
Bill Beck, Portland Public Schools
Jim Markee, Equity Steering Committee
Gary Conkling, Beaverton School District
Ozzie Rose, Confederation of Oregon School Administrators

Staff:

James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Steve Bender, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 124 SIDE A

005 Chair Phillips -calls the meeting to order at 1:02 pm

SB 1075 WORK SESSION

020 Steve Bender -presents staff summary of SB 1075 which extends current tax credits for contributions made to health insurance pool for employers who become participants in pool in 1989 or thereafter but before 1/1/95

049 Steve Telfer -City/County Insurance Services
-presents written testimony with attached Proposed (-2) Amendments to SB 1075 (Exhibit C) which would allow local governments to adjust premiums on an age basis resulting in a situation which is "permissive" instead of "mandatory"

090 -questions and discussion about fiscal impact of Proposed (-2) Amendments

110 Rocky King -Insurance Pool Governing Board and Oregon Medical Insurance Pool
-provides historical background of SB 1075

135 Chair Phillips -states consensus of committee to close work session and notes that "if there are individuals who want to go forward they better let me know before Friday, or else the bill will not be heard again"

HB 2260 PUBLIC HEARING

149 Steve Meyer -presents staff overview of HB 2260 which eliminates specific dates for existing enterprise zones
-questions and discussion

175 Arthur Fish -Oregon Economic Development Department, State Enterprise Zone Coordinator
-distributes written testimony in support of HB 2260 (Exhibit G)

204 -explains Proposed (-1) Amendments (prepared by legislative counsel but not distributed to committee) which makes a change in the bill at page 7, line 4 to insert "excluding subsection 4c"
-describes effect of amendment

HB 2260 WORK SESSION

239 Sen Trow MOVES AMENDMENT TO HB 2260 ON PAGE 4, LINE 7 TO INSERT "EXCLUDING SUBSECTION 4C"

242 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS

248 Sen Trow -MOVES HB 2260 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

250 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
Sen Trow -will carry the bill on the Senate floor

SB 562 WORK SESSION

259 Dick Yates -presents staff overview of SB 562 which exempts from Oregon income taxation amounts paid as benefits from state and federal public employee retirement plans to extend benefits are attributable to service before September 29, 1991
-explains the Proposed (-5) Amendments which were distributed 5/10/95 as Exhibit I

334 -questions and discussion about income from public retirement funds, effect of SB 656, and amending relating clause

358 Sen Trow -requests additional time to study this complex measure

375 -discussion of computing "average" retirement within PERS, revenue impact, another bill relating to this measure, and of a "two-tier" retirement system

TAPE 125 SIDE A

029 Sen Walden -asks about cost per day of not settling this issue

034 Dick Yates -in response to question by Sen. Walden, explains that cost per day of not settling this issue depends on the remedy to be determined by the Supreme Court

043 Jim Scherzinger -Legislative Revenue Officer
-explains difficulty and factors involved in trying to determine cost

051 -states reasons that the SB 562 approach "is more expensive for the general fund"
-notes that SB 562 as written does not resolve past liability but does stop any liability for years after 1987
-questions and discussion

095 Thomas Hanson -National Association of Retired Federal Employees
-explains involvement with the PERS issue and "lack of legislature to deal with this problem since 1989"
-points out advantage of legislature finding a prompt solution to the PERS situation because it would lessen revenue impact in the future
-estimates that if bill is made effective for 1991, that by 2010 there will be no fiscal impact because "nearly everybody will have passed away that

are affected by the bill"
-requests that committee fully understand the fiscal impact computation
130 Chair Phillips -refers to "Exemptions for Retirement Income" distributed
5/10/95 as Exhibit V
148 Sen Gold -asks for public review of options for solution to the PERS
issue which were presented in prior years
164 Jim Larson -Oregon Association of Private Retirees
-states position of group is that "everyone pay their fair share"
174 -refers to Proposed (-5) Amendments to SB 562 distributed 5/10/95 as
Exhibit I
204 -comments on IRA and deferred compensation programs
234 -expresses appreciation about private retirees being included in the
measure, but asks for clarification
258 Chair Phillips -states that from a tax policy standpoint that "exempting
large blocks of taxpayers from a tax responsibility is a very awkward thing
to do"
262 -discussion of policy decision regarding long term revenue loss
274 Mary Ann Gest -Oregon Public Retirees Union
-states position on SB 562: "this type of bill is a problem for our
children...we need to take care of our seniors, but people who have the
ability to pay should pay their fair share"
304 Willie Harper -Federal Retiree
-reminds committee of history of the issue and Attorney General opinion on
Oregon Statute in 1989
349 John Danielson -Oregon Education Association
-"we believe it is time that the legislature resolve this situation which
has been pending since 1989"
-suggests at least discontinuance of collecting taxes from federal and
state retirees in order to stop increasing the state's liability
370 -cites court case under appeal regarding refunding sums already
collected
399 Chair Phillips -describes alternatives on the measure for committee and
plan for work session on 5/18/95
TAPE 124 SIDE B
016 -questions and discussion
018 Sen Gold -describes legislative option of not refunding personal and
corporate kickers in order to pay for the PERS liability and the need for
public concern to influence votes which would make that happen
035 Hanson -points out that all contributions made by federal retirees to
their retirement plans were fully taxed by State of Oregon and that
exempting private retirees is allowing a "double deduction"
HB 2275A and SB 101 WORK SESSION
075 Chair Phillips -reviews committee progress on the measures to date
091 Terry Drake -refers to Proposed (-17) Amendments distributed 5/12/95 as
Exhibit R
125 -describes policy options in Proposed (-18) Amendments (Exhibit K)
-explains that Computer Run 95-41 (Exhibit N) pertains to the Proposed
(-18) Amendments
155 Chair Phillips -clarifies policy issues for committee consideration
-questions and discussion about dispersion and clarification of growth
percentage
220 Chair Phillips -states opinion that creation of a "formula based on good
policy" takes precedence over the results and review of data in computer
runs
245 Terry Drake -explains the Proposed (-19) Amendments to HB 2275A (Exhibit
L)
-questions and discussion interspersed
388 Chair Phillips -summarizes options for committee consideration
TAPE 125 SIDE B
004 Sen Gold -introduces discussion of "cash carry-forward" policies of
school districts
048 Sen Trow -expresses need for careful interpretation of fiscal decisions
in individual schools
067 -questions and discussion
090 Chair Phillips -asks for direction from committee members
108 Sen Gold -states need to "deal with what our history has been since the
passage of Measure 5" and points out that Oregon is the state which has
come the furthest toward achieving equity in a "very rapid span of time"
130 Chair Phillips -observes that the question is: how to move forward?

160 -notes that "there is no program in America where you get (everything) you want" and that the issue is to do the best for all students in the state

176 Sen Hartung -describes situation in Beaverton in moving from flat funding to equity funding and concern for "balance"

205 Sen Gold -requests information from staff concerning district audit data on cash carry-forward

-states position that "my district simply can't afford to give anymore"

250 Sen Walden -states position of districts which he represents the equity should be achieved immediately

279 John Danielson -Oregon Education Association

-comments on equalization and states that any policy adopted will be unfair to someone

310 -recommends review from point of where equalization equation began

-emphasizes importance of maintaining the Portland District "as a solid and as a quality district because we think we think it is basically the picture of Oregon that is presented throughout the country"

359 in response to question by Sen Gold, states support for the Proposed (-19) Amendments (Exhibit L)

369 John Marshall -Oregon School Boards Association

"If we've learned anything since Measure 5 passed and you began down the road to equity, it is that school districts have the rare ability to circle the wagons and shoot inward"

-favors prompt settling of the equity issue in order to address the larger questions of dealing staffing, rapid enrollment growth, school improvement agenda, and improved quality of the entire education system

400 -in response to question by Sen. Walden, states support for some growth for those districts which have been flat funded

"I think the 1/4-1/4 % probably represents a balance" in making progress toward equity

TAPE 126 SIDE A

007 Bill Beck -Portland Public Schools, Director of Intergovernmental Relations

014 -states position supporting the OASE agreement for a phase-in policy

021 Jim Markee -Equity Steering Commission

-explains purpose of the Commission and their point of view in representing eight districts, urging that if carryover balances are examined, "audited expenditures" also be considered

053 -states position that equity gap should continue to narrow

-in response to question by Sen. Gold, states opposition to the "1/2-1/2%" proposal

070 Gary Conkling -Beaverton School District

-notes that the Beaverton District is "fairly appreciative" of the work. by the legislature in attempting to deal with the equity situation

078 -cites difficulty explaining the discrepancy in school funding formula to parents in neighboring districts and comments on factors which relate to the Beaverton District being a "flat funded equity district"

104 -states that "no matter what decision you make, somebody will be hurt"

-comments on House suggestion to lower the "target" and agrees with Mr. Markee that raising the target will have a negative effect on achieving equity

-on the subject of achieving equity, states that "the sooner we get there, the community of schools can be at peace with itself"

129 Ozzie Rose -Confederation of Oregon School Administrators

-states preference for as much money as possible into equity, opposition to "1/4-1/4%, and support for other amendments and the bill

-urges caution on dealing with carryover fund balances

170 Sen Walden -thanks Chair Phillips for allowing all lobbyists to summarize their positions on this issue for the benefit of committee members

178 Chair Phillips -adjourns at 3:06 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. SB 1075, Bender, Proposed (-1) Amendments to SB 1075 (BPS/hk) 5/10/95
- B. SB 1075, Bender, Credit for Health Insurance Premiums, 5/17/95
- C. SB 1075, Telfer, testimony from City/County Insurance Services, 5/17/95
with Proposed
(-2) Amendments attached (BPS/hk) 5/11/95
- D. HB 2260, Meyer, Staff Measure Summary - House Committee on State and
School Finance
- E. HB 2260, Meyer, Fiscal Analysis of Proposed Legislation, 3/14/95
- F. HB 2260, Meyer, Revenue Impact of Proposed Legislation, 3/17/95
- G. HB 2260, Fish, testimony from Oregon Economic Development Department,
5/17/95
- H. SB 562, Yates, Proposed (-6) Amendments to SB 562 (DH/ng) 5/17/95
- I. SB 562, Yates, Revenue Impact of SB 562-6, 5/16/95
- J. SB 562, Larson, testimony from Oregon Association of Private Retirees,
5/17/95
- K. HB 2275A, Drake, Proposed (-18) Amendments to HB 2275A (CH/dc) 5/17/95-1
- L. HB 2275A, Drake, Proposed (-19) Amendments to HB 2275A (CH/dc) 5/17/95
- M. HB 2275A, Drake, School Finance Simulation 5/16/95, computer run 95-38A
- N. HB 2275A, Drake, School Finance Simulation 5/17/95, computer run 95-41