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WORK SESSIONS: SB S 337, 1065, 101, 1132  
461 AND HB 2275A  
PUBLIC HEARING: SB 461  
TAPES 099 & 101 A/B AND 102A

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

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APRIL 26, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Sen. Paul Phillips, Chair  
Sen. Shirley Gold, Vice Chair  
Sen. Tom Hartung  
Sen. Cliff Trow  
Sen. Greg Walden  
Sen. Eugene Timms (excused 1:55 - 2:35 pm)

Witnesses: Jackie Bloom, City of Portland  
Gary Wilhelms, U.S. West Communications  
Mr. Hendrickson, AT&T  
Mike McCallum, Small Business Coalition  
Charles Vars, League of Oregon Cities  
Bob Cantine, Association of Oregon Counties  
B.J. Smith, League of Oregon Cities

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

TAPE 099 SIDE A  
005 Chair Phillips -calls the meeting to order at 1:10 pm  
SB 1132 WORK SESSION  
010 Dick Yates -explains how the Proposed (-3) Amendments (Exhibit A) relate  
to the original SB 1132  
036 -refers to sections of the Proposed (-3) Amendments:  
064 -at section 6  
103 -at section 7  
137 -at section 9  
175 -at section 13  
200 -questions and discussion about constitutional authority  
219 -at section 15  
264 -at section 19

315 -comments about incorporation of HB 2320 into SB 1132  
336 -at section 23  
355 Yates -distributes Proposed (-4) Amendments (Exhibit B) and continues  
reference to sections  
410 -at section 32  
TAPE 101 SIDE A  
009 Yates -at section 35  
021 -at section 36  
040 Chair Phillips -MOVES ADOPTION OF THE PROPOSED (-4) AMENDMENTS TO SB 1132  
-ROLL CALL VOTE MOTION PASSES 4-2  
-SENATORS VOTING AYE: HARTUNG, TIMMS, WALDEN & PHILLIPS NAY: TROW & GOLD  
055 Gary Gustafson -Division of State Lands, Director  
-makes recommendations about Section 22 of SB 1132 relating to the fee  
schedule  
-recommends keeping the base fee increase which the State Land Board  
included in their rules  
-suggests language correction  
080 Chair Phillips -MOVES ADOPTION OF CORRECTED LANGUAGE FOR CONCEPTUAL  
AMENDMENT TO SB 1132 AT PAGE 11 LINES 26 AND 27  
-HEARING NO OBJECTION, THE CHAIR SO ORDERS  
108 -discussion of Division's fee increases  
131 Chair Phillips -MOVES CONCEPTUAL AMENDMENT FOR REMOVAL OF SECTION 22  
REGARDING FEES AND REFERENCES THEREIN FROM SB 1132  
-discussion about current fee and plans for increases  
-HEARING NO OBJECTION, THE CHAIR SO ORDERS  
148 Chair Phillips -MOVES CONCEPTUAL AMENDMENT FOR INSERTION OF DATE 7/1/96  
INTO SECTION 36 IN SB 1132  
-HEARING NO OBJECTION, THE CHAIR SO ORDERS  
168 Sen Timms -MOVES SB 1132 AS AMENDED BY THE (-4) AMENDMENTS AND OTHER  
CONCEPTUAL AMENDMENTS TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION  
170 Sen Gold -initiates discussion about fiscal impact on Division (fiscal  
statement should be available before measure reaches the Senate floor for  
debate)  
227 Sen. Trow -states opposition to the bill because "I really think that  
none of the agencies are in favor in doing this it's not a good change in  
many ways...I think it's the kind of legislation that's done because some  
people are unhappy...I don't think we're going to get any better government  
out of it than we've previously had"  
-gives opinion that agencies will have divided responsibilities and  
loyalties..."I think this is just a mistake"  
235 Chair Phillips -ROLL CALL VOTE MOTION PASSES 4-2  
-SENATORS VOTING AYE: HARTUNG, TIMMS, WALDEN & PHILLIPS NAY: TROW AND GOLD  
-ill carry on the Senate floor  
(Senators Gold and Trow serve notice of possible minority report  
forthcoming on SB 1132)  
HB 2275A AND SB 101 WORK SESSION  
280 Terry Drake -distributes computer runs as "educational tools":  
Computer Run 95-20 (Exhibit C)  
Computer Run 95-27 (Exhibit D)  
Computer Run 95-28 (Exhibit E)  
305 -asks for suggestions from committee in order to narrow policy options  
320 -explains summary data with illustration on marker board:  
Dispersion  

		94-95	95-96	96-97	6 yr (3%/yr)
1% Min Growth/ADMw	66%	68.7%	71.5%	3 yr (6%/yr)	
2275A		66%	72%	78%	? yr
1% Min + SB 101	66%	67%	68%		

349 Chair Phillips -summarizes that "we are continuing to move  
progressionally toward equalization and to have it six years or three years  
is a misnomer of gross calculation because you are forecasting what a  
future legislature may or may not do"  
390 -discussion about rate of progress toward equalization, clarification of  
intent, and impact of ongoing court case and ruling concerning equalization

TAPE 099 SIDE B

025 Chair Phillips -states importance of deliberating in terms of fairness  
for all students and equity by districts  
-instructs staff to invite expert testimony from the Attorney General's  
office

048 Drake -explains computer runs (Exhibits C-D-E)  
100 -returns to illustrations on marker board  
-questions and discussion interspersed

140 Drake -refers to and explains "The Current State and School Revenue  
Picture - 6/15/95" which was distributed 4/5/75 as Exhibit C and contains  
information about application of the poverty factor

197 Chair Phillips -directs staff to prepare information on three issues for  
committee consideration at their next meeting  
-questions and discussion about interpretation of computer runs

#### SB 1065 WORK SESSION

269 Steve Meyer -provides staff summary of SB 1065 which allows cities and  
rural fire protection districts to issue revenue bonds to finance loan  
program for installation of fire safety systems in privately owned  
structures

-distributes Proposed (-2) Amendments (Exhibit F)  
305 Jackie Bloom -City of Portland, Government Relations Office  
-introduces Jim Schwager from the Portland Fire Bureau  
-reminds committee of prior testimony in support of SB 1065 from  
representatives of City of Portland

330 Meyer -suggests wording to clarify that measure only refers to loan funds

for privately owned structures (Section 3, line 24)

365 Sen. Gold -MOVES CONCEPTUAL LANGUAGE CHANGE AND THE PROPOSED (-2)  
AMENDMENTS TO SB 1065

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

374 Sen. Gold -MOVES SB 1065 AS AMENDED WITH CONCEPTUAL LANGUAGE CHANGE AND  
(-2) AMENDMENTS TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

380 Chair Phillips -ROLL CALL VOTE MOTION PASSES 5-0

Senator Leonard -will carry SB 1065 on the Senate Floor

#### SB 337 WORK SESSION

394 Gary Wilhelms -U.S. West Communications

-refers to distributed Oregon SB 377 Tax Impact which is based on a five  
year phase-out (Exhibit G)

#### TAPE 101 SIDE B

015 Wilhelms -explains Proposed (-4) Amendments at page 4, subsection 6  
(Exhibit F)

049 -proposes various conceptual amendments

075 Chair Phillips -summarizes issues to have been addressed on a regional  
basis by proponents: consult with cities and counties, meet with Department

of Revenue, suggest a phase-in schedule, and address issue of equity in  
taxing intangibles

-questions and discussion about tax impact computations

125 Mr. Hendrickson -AT&T

150 -explains computations used in Oregon SB 377 Tax Impact (Exhibit G)

165 Sen Trow -initiates discussion of how utility industry justifies  
perceived inequity

-discussion of prior legislative impact on taxation of industrial and  
centrally assessed properties

201 Sen Trow -asks what utilities will do with money saved through this  
legislation

212 Gary Wilhelms -explains that "windfalls" received by regulated companies  
are usually captured by the regulator and in some way refunded to rate  
payers

-cites examples of Measure 5 reductions

224 -states that money not refunded to customers of U.S. West is generally  
"plowed back into the business and investment infrastructure" and that he  
doesn't believe regulators will allow utilities to keep a windfall

235 Chair Phillips -asks the proponents to develop an industry perspective  
regarding "windfalls"

-states plan for next committee work session on this subject

#### SB 461 WORK SESSION

255 Sen Walden -presents Proposed (-1) Amendments to SB 461 (Exhibit H)

-expresses concern about the concept of preempting local taxes: "while I  
may agree in large measure to some of the concerns raised by those who seek

preemption, I also try to balance that against the need for local control"  
 -explains the amendment as "my version of a compromise" which requires a  
 vote on any tax levied at the state or local level  
 290 -questions and discussion about implications on the state level, income  
 tax, reconnect exemption, decrease exemption, gas tax inclusion, and  
 exemption of fees  
 323 Walden -states for the record that "I've had no suggestion to do this nor  
 no communication with anyone associated with Measure 5....this is not being  
 propelled by any other group - this was my option and proposal"  
 331 Mike McCallum -Oregon Small Business Coalition, Director of Government  
 Relations  
 -appreciates compromise position arrived at by Senator Walden and thinks  
 "that it will go a long ways toward bringing accountability to governments  
 as they tax our industries"  
 -states that amendment will contribute to consistent statewide tax policy  
 and will allow industry "that are the targets of taxation" to inform voters  
 of potential effects of taxes considered  
 335 Charles Vars -League of Oregon Cities, President of Board of Directors  
 -states Board opposition to Proposed (-1) Amendment to SB 461 (Exhibit H "  
 -describes complex system of Oregon constitution, Oregon statutes, and city  
 charters which comprise the city government process  
 384 -points out limits imposed on cities by "various preemptions,  
 exemptions, mandates" that impose costs on local government  
 405 -explains hearings process used by local governments and states that he  
 "finds it a little disturbing that we have such a major revision in the law  
 under which all of state government operates done by an amendment with such  
 short notice"  
 -asks for committee's very careful consideration of this issue  
 TAPE 101 SIDE A  
 012 Bob Cantine -Association of Oregon Counties  
 -states that this amendment would have little impact on counties because  
 most of them already require the process of a vote in order to impose taxes  
 -asks committee to examine issue of including the gas tax in the amendment,  
 to consider the bill in the broader terms of preemption, and to recognize  
 powers of home rule charters  
 040 -sees amendment as an improvement to SB 461 and states probable support  
 by Board  
 047 Sen Walden -comments about need for further review and discussion of this  
 issue  
 066 Sen Timms -comments about subject of mandates from perspective of his  
 service on the Ways and Means Committee  
 089 -states opposition for including the gas tax in the measure  
 090 Sen Gold -cites example City of Eugene video poker initiative which was  
 "thwarted" by the state, and questions willingness of counties to support  
 measure  
 -questions why remedy of this amendment is needed  
 112 McCallum -cites types of taxes local taxes imposed on industry he  
 represents  
 -questions and discussion  
 138 Chair Phillips -asks parties involved to prepare positions for  
 consideration of committee  
 150 Cantine -in response to question by Sen. Gold, elaborates on standpoint  
 of cities on amendment  
 168 B.J. Smith -League of Oregon Cities  
 -comments on difference in perception of amendments between counties and  
 cities  
 -points out that "nearly every city in the state is a home rule city" and  
 explains wide variance in city charters  
 -emphasizes strongly that this amendment is a "charter issue" for cities  
 200 Chair Phillips -adjourns the meeting at 3:10 pm

Janice DeVito  
Committee Assistant

Kimberly Taylor James  
Office Manager

Exhibits Summary:

- A. SB 1132, Yates, Proposed (-3) Amendments to SB 1132 (TC/hl) 4/24/95
- B. SB 1132, Yates, Proposed (-4) Amendments to SB 1132 (TC/lg) 4/26/95
- C. HB 2275A, Drake, School Finance Simulation, Run 95-20, 4/7/95
- D. HB 2275A, Drake, School Finance Simulation, Run 95-27, 4/26/95
- E. HB 2275A, Drake, School Finance Simulation, Run 95-27, 4/26/95
- F. SB 337, Bender, Proposed (-4) Amendments to SB 337 (BPS/dj/hl) 4/26/95
- G. SB 337, Bender, Tax Impact Oregon SB 337
- H. SB 461, Yates, Proposed (-1) Amendments to SB 461 (BPS/hl) 4/26/95