

HOUSE COMMITTEE ON COMMERCE SUBCOMMITTEE ON LABOR

June 16, 1993 Hearing Room D 8:30 a.m. Tapes 139 - 140

MEMBERS PRESENT: Rep. John Watt, Chair

Rep. Lee Beyer Rep. Michael Payne

Rep. Charles Starr

Rep. Bob Tiernan

STAFF PRESENT: Marilyn Johnston, Committee Administrator Kristina
McNitt, Committee Assistant

MEASURES CONSIDERED: HB 2906 HB 2912 HB 3402 HB 3407

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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. [--- Unable To Translate Graphic ---]

TAPE 139, SIDE A

006 CHAIR WATT calls the meeting to order at 8:34 a.m. and announces that HB 2010 is removed from the agenda and that HB 3407 will be last on the agenda.

010 CHAIR WATT opens a public hearing on HB 2906.

HB 2906 - PUBLIC HEARING

The Preliminary Staff Measure Summary, HB 2906-2 amendments, electronically-engrossed HB 2906-2, HB 2906-3 amendments, electronically-engrossed HB 2906-3, HB 2906-4 amendments, electronically-engrossed HB 2906-4 and Legislative Fiscal and Revenue statements are hereby made a part of these minutes (EXHIBIT A).

011 CHAIR WATT, having determined there were no witnesses, closes the public hearing and opens the work session on HB 2906.

(Tape 139, Side A) HB 2906 - WORK SESSION

012 MARILYN JOHNSTON, Administrator, reviews the provisions of the bill and the proposed amendments. 023 CHAIR WATT: Do the HB 2906-4 amendments represent the latest proponents advocacy?

024 MS. JOHNSTON: Yes.

026 MOTION: REP. TIERNAN moves that the HB 2906-4 amendments BE ADOPTED.

031 VOTE: In a roll call vote, REPS. STARR, TIERNAN and CHAIR WATT vote AYE. REPS. PAYNE and BEYER vote NO.

035 MOTION: REP. TIERNAN moves that HB 2906, as amended, be sent to the Full Commerce Committee with a DO PASS recommendation.

037 VOTE: In a roll call vote, REPS. STARR, TIERNAN and CHAIR WATT vote AYE. REPS. PAYNE and BEYER vote NO.

041 CHAIR WATT declares the motion PASSED. REP. STARR will lead discussion in Full Committee.

048 CHAIR WATT opens a public hearing on HB 2912.

(Tape 139, Side A) HB 2912 - PUBLIC HEARING

The Preliminary Staff Measure Summary and Legislative Fiscal and Revenue statement are hereby made a part of these minutes (EXHIBIT B).

051 MS. JOHNSTON reviews provisions of the bill.

061 CHAIR WATT, having determined that no witness was present, closes the public hearing.

(Tape 139, Side A) HB 2912 - WORK SESSION

Witnesses: Irv Fletcher, Oregon AFL-CIO Jim Bucholz, Department of Revenue Steve Tegger, Employment Division

062 MOTION: REP. BEYER moves that HB 2912 be sent to the Full Commerce Committee with a DO PASS recommendation.

065 REP. TIERNAN asks Rep. Beyer to explain why unemployment benefits were taxed and why he is proposing they not be taxed.

073 REP. BEYER: I am not sure historically why unemployment compensation was taxed. The problem is one where people get into a one- or two-year training program and unlike regular compensation, (income tax) withholding cannot be made. At the end of the year people cannot afford to pay the \$500 or \$1000.

085 REP. TIERNAN: Is it subject to federal tax and is that tax withheld?

090 REP. BEYER: It is not.

093 CHAIR WATT: Are you referring to all unemployed people or just for those individuals who have been identified as structurally unemployed?

095 REP. BEYER: This only applies to those structurally unemployed who are in a certified retraining program.

097 IRV FLETCHER, Oregon AFL-CIO, testifies in favor of HB 2912. >people are in a transition and if we can, in a small way, we should not add to their problems.

114 REP. BEYER: Rep. Johnson has also been working on this, and believes because the program is very narrow, it would not be difficult

to identify who the people are.

119 REP. WATT comments that the definition has been changed in SB 71 and asks if there are assurances that if this law is enacted, that language will be changed.

122 MS. JOHNSTON: I think it will be fine. Steve Tegger is here to answer questions.

129 CHAIR WATT advises the committee he had his staff contact the Department of Revenue with regards to this prior to the start of session, except it would be broader so no one would have to pay state tax on unemployment benefits, and was told that was not possible constitutionally. Can you explain that?

134 JIM BUCHOLZ, Department of Revenue: There would be no problem with exempting everyone from paying state taxes on unemployment compensation. If there would be a problem, it would be under the privileges and immunities clause whether or not you would exclude a certain group from taxation. So long as it is not done in an arbitrary and capricious manner. If there is some reasonable basis for it, you can do that.

Discussion continues on taxation of unemployment compensation.

191 STEVE TEGGER, Employment Division, confirms that HB 2912 does need to conform to SB 71 as it passed both houses. The amendment would be on line 10: delete "because of structural unemployment" and delete lines 27 through 29.

Federal law does not allow withholding except for child support; that is the only authorized withholding.

232 MOTION: REP. BEYER moves to amend his previous motion and that HB 2912 be amended in line 10, delete "because of structural unemployment" and to delete lines 27 through 29.

240 VOTE: CHAIR WATT, hearing no objection to the motion, declares the motion PASSED.

242 MOTION: REP. BEYER moves that HB 2912, as amended, be sent to the Full Commerce Committee with the recommendation that it DO PASS.

259 VOTE: In a roll call vote, all members are present and vote AYE.

260 CHAIR WATT declares the motion PASSED. REP. BEYER will lead discussion in Full Committee.

CHAIR WATT opens a public hearing on HB 3402.

(Tape 139, Side A) HB 3402 - PUBLIC HEARING

Witness: Irv Fletcher, Oregon AFL-CIO

The Preliminary Staff Measure Summary, HB 3402-1 amendments, electronically-engrossed HB 3402-1 and Legislative Fiscal and Revenue statements are hereby made a part of these minutes (EXHIBIT C).

271 MS. JOHNSTON reviews the provisions of HB 3402, reminds the committee the bill was previously heard and that amendments have been proposed to the bill.

278 REP. BEYER: This would extend the existing program by adding 13 weeks to it. The intent is to allow persons in retraining programs to complete one year of training and receive unemployment while they do it. There was a \$12 million cap put in the program in 1991. There has been some confusion whether that cap was intended to be continuous or not. The Employment Division interpreted it to be for the previous biennium. The HB 3402-1 amendment would continue the cap. There is a desire that it have a sunset so it can be reviewed next session.

295 REP. BEYER: I would move that the HB 3402-1 amendments be amended on page 2 by deleting "for each biennium" and inserting "for the 1993-1995 biennium".

314 IRV FLETCHER, Oregon AFL-CIO: "Good bill, should pass."

327 CHAIR WATT closes the public hearing and opens the work session on HB 3402.

(Tape 139, Side A) HB 3402 - WORK SESSION

354 MOTION: REP. BEYER moves that the HB 3402-1 amendments be amended on page 2 by deleting "for each biennium" and inserting "for the 1993-1995 biennium".

353 VOTE: CHAIR WATT, hearing no objection to the motion, declares the motion PASSED. All members are present.

356 MOTION: REP. BEYER moves that the HB 3402-1 amendment, as amended, BE ADOPTED.

VOTE: In a roll call vote, all members present vote AYE. REP. PAYNE is EXCUSED.

366 MOTION: REP. BEYER moves that HB 3402, as amended, be sent to the Full Commerce Committee with a DO PASS recommendation.

371 VOTE: In a roll call vote, all members are present and vote AYE.

374 CHAIR WATT declares the motion PASSED. REP. BEYER will lead discussion in Full Committee.

CHAIR WATT opens a work session on HB 3407

(Tape 139, Side A) HB 3407 - WORK SESSION

Witnesses: Rep. Tony Van Fliet Gloria English, PERS Chuck Mendenhall, Chair, Bargaining Unit Benefit Board

The Preliminary Staff Measure Summary, HB 3407-2 amendments, electronically-engrossed HB 3407-2 and the Legislative Revenue statement are hereby made a part of these minutes (EXHIBIT D).

386 REP. VAN VLIET explains that the HB 3407-2 amendments replace the original bill.

406 REP. TIERNAN: Are you offering health and welfare benefits to people who are retired at the same rate as to people who are not retired?

406 REP. VAN VLIET: It would only be for people under 65 years of age. Above 65 they come under Medicare and there is a PERS plan to take care of them. SEBB divided those under 65 into two populations which should not have been done. BUBB does not do that. Consequently, the cost shot up for those who retire after 30 years at the ages of 58 to 65. Gloria English of PERS can give the facts on the change in the cost increase. Also, the bill applies to people who are under 65 who were under a PERS health plan, or had the opportunity to go under a PERS health plan, will have the options of those health plans that are available to employees in the under-65 group.

437 REP. TIERNAN: Is the rate paid 100 percent by the retired person?

438 REP. VAN VLIET: There is a small amount of the PERS people, depending on their years of service, that will be shifted from PERS to help pay for their plans. The estimate is it will probably increase health benefits about \$11 a month and there will be \$3 a month coming from PERS. So for all employees in that category there would be an increase of \$8 per month for medical that they pay. That means under their negotiated package, which is a menu system for most employees, the retiree would have to figure out how to absorb the \$8.

TAPE 140, SIDE A

032 GLORIA ENGLISH, Health Insurance Manager, PERS, testifies in favor of HB 3407: >gives historical background and explains changes proposed in HB 3407-2 amendments >state employee retirees are locked into a self-destructing system; HB 3407 attempts to put those people in a broader risk group that allows a younger population >local governments and school districts are required by current statute to continue health insurance programs for their retirees up to age 65 and to continue it at the same costs as active employees. The state is not included in that practice and statute. >there are between 4,000 and 5,000 state retirees under 65, but all are not currently insured because of the high costs; many have chosen to go under individual programs or are insured by a spouse, or wherever they can find coverage. >HB 3407 brings back to BUBB and SEBB those people who were insured in those programs prior to the changes of 1991.

162 REP. VAN VLIET: Some people who should be retiring are not. They are hanging on longer, some at substantial salary rates. They would retire if they knew the health plan was going to be at a reasonable level. They are waiting until they are 65 and can go on Medicare. It is having an effect upon people the Legislature was talking about giving a golden handshake last session. This might alleviate some of that.

207 CHUCK MENDENHALL, Chair, Bargaining Unit Benefit Board (BUBB): The current statute requires that all state retirees, in order to receive a subsidy, move into the PERS plan by January 1993. The statute requires both boards, BUBB and SEBB to discontinue the subsidy for retirees unless a change is made.

210 REP. TIERNAN: The premium now is \$590 and will go up to about \$1,000 for those who have retired but have not reached 65 and are paying the premium on their own. You are proposing to give them all the same premium as non-retirees and paying for that by spreading the cost and

raising the rates for everyone else in the program. How much will the rates go up?

227 REP. VAN VLIET: It is somewhere around \$8 per month.

243 MS. ENGLISH: If the entire costs were spread among active employees, it would simply force a decision by the active employee about how to spend his/her benefit allowance.

Discussion points: >Ms. English will provide list of private employers who offer health insurance to retirees

320 CHAIR WATT advises that the committee cannot proceed until the Legislative Fiscal statement is completed.

330 CHAIR WATT closes the work session on HB 3407 and declares the meeting adjourned at 9:30 a.m.

Respectfully submitted, Reviewed by,

Annetta Mullins

Marilyn Johnston Coordinator
Administrator

EXHIBIT SUMMARY

A - HB 2906, Preliminary Staff Measure Summary, HB 2906-2 amendments, electronically-engrossed HB 2906-2, HB 2906-3 amendments, electronically-engrossed HB 2906-3, HB 2906-4 amendments, electronically-engrossed HB 2906-4 and Legislative Fiscal and Revenue statements, staff, 24 pp B - HB 2912, Preliminary Staff Measure Summary and Legislative Fiscal and Revenue statement, staff, 4 pp C - HB 3402, Preliminary Staff Measure Summary, HB 3402-1 amendments, electronically-engrossed HB 3402-1 and Legislative Fiscal and Revenue statements, staff, 7 pp D - HB 3407, Preliminary Staff Measure Summary, HB 3407-2 amendments, electronically-engrossed HB 3407-2 and the Legislative Revenue statement, staff, 22 pp