

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

AUGUST 3, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair Representative John Schoon, Vice Chair Representative Ron Adams Representative Tom Brian Representative Mike Burton Representative Margaret Carter Representative Tony Federici Representative Fred Girod Representative Gail Shibley Representative Jim Whitty Members Excused: Representative Greg Walden Witnesses Present: Gordon Fultz, Association of Oregon Counties Bill Penhollow, Association of Oregon Counties Laura Pryor, County Judge, Gilliam County Colleen Sealock, Elections Director Ted Reutlinger, Legislative Counsel Staff: James Scherzinger, Legislative Revenue Officer Terry Drake, Legislative Revenue Office Richard Yates, Legislative Revenue Office Paula McBride, Committee Assistant TAPE 222 SIDE A 007 CHAIR JONES called the meeting to order at 5:56, and she conducted administrative business. 019 CHAIR JONES opened the Work Session on HB 2234. 022 JIM SCHERZINGER described HB 2234 to members, as previously

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Page 2

amended by the House Revenue Committee. It doubled the tax on beer and wine, and dedicated the money to a new account for "alcohol and drug abuse." The money would be targeted specifically for drug and alcohol addiction and primary prevention. He explained the amendments HB 2234-6, which removed the wine tax but kept the tax on beer and would raise only about 55% of the revenue that had been in HB 2234. He mentioned the "Revenue Analysis" for the amendments HB 2234-6. (The "Staff Measure Summary" will also be included as an exhibit.) This tax would not go into effect in 1993-95 until HJR 59 became effective, which doesn't yet have an election date. Exhibits 1-3 Questions and discussion 055 MOTION CHAIR JONES moved to adopt the amendments HB 2234-6 to HB 2234. NO DISCUSSION 057 VOTE The motion passed 6-4. Ayes: REPS. ADAM, BRIAN, GIROD, SHIBLEY, SCHOON, and CHAIR JONES. Nays: REPS. WHITTY, BURTON, CARTER, and FEDERICI. Excused: REP. WALDEN. 069 MOTION REP. SHIBLEY moved to conceptually amend HB 2234 as - follows: Remove Section 6 (which removed the tie to the effective date in HJR 59). 075 CHAIR JONES explained what the effect of removal of Section 6 from HB 2234 would be, which would make the bill effective in the normal process of time without waiting for HJR 59. 081 ORDER There being no objection, CHAIR JONES so ordered. 084 MOTION REP. SHIBLEY moved HB 2234 as amended to the House Floor with a do-pass recommendation. DISCUSSION

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Page 3

098 GORDON FULTZ confirmed that the Association of Oregon Counties had agreed to allow the tax in HB 2234 to be collected on and distributed from the State level, but he thought that a series of priorities had been agreed upon for funding with that revenue. 107 REP. BRIAN explained to members why he was against HB 2234, mainly because the tax would be dedicated to some programs that were not associated with alcohol abuse at the local government level. He thought revenue from the General Fund derived from alcoholic products should be used for drug and alcohol abuse programs, rather than for other kinds of drug addictions or criminality. 138 VOTE The motion failed: Nays: REPS. BRIAN, BURTON, CARTER, FEDERICI, GIROD, WHITTY, and SCHOON. Ayes: REPS. ADAMS, SHIBLEY, and CHAIR JONES. Excused: REP. WALDEN 146 REP. SCHOON gave a vote explanation. 153 CHAIR JONES closed the Work Session on HB 2234. 156 CHAIR JONES opened the Public Hearing on SB 554A. 164 BILL PENHOLLOW testified in favor of SB 554A, which would extend for two years the special county allocation to four counties that receive the least amount of highway funds per road mile from the Highway Fund. He asked for the members' support of SB 554A, and said the program would be reviewed during the next Legislative Session. 168 LAURA PRYOR added that the issue centered-in SB 554A was one of equity, and she urged members to pass the bill. Questions and discussion with the witnesses 180 BILL PENHOLLOW addressed the issue of the issue of HB 2676, now in the Senate, with SB 554A. 201 CHAIR JONES stated that she would like to know if the counties opposed HB 2676 as it came from either the House Revenue Committee or from the House Appropriations Committee when it when to the Senate.

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Page 4 -

203 BILL PENHOLLOW understood that the counties had opposed HB 2676 up to last evening (8/2/93) when "parties dealing with the bill set down and came to agreement." His organization had been part of that agreement. 210 CHAIR JONES asked the Committee to stand at ease at 6:09. 211 CHAIR JONES recessed the meeting at 6:11 and reconvened at 6:19. 212 CHAIR JONES opened the Work Session on SB 554A. 213 MOTION REP. SCHOON moved SB 554A to the House Floor DISCUSSION 215 REP. SCHOON thought the purpose of SB 554A was to benefit small counties in Oregon, and that it "wasn't a handout to them because they are producing products that fuels the rest of the state." (Exhibits 4-6 relate to the bill but were not mentioned in the hearing.) 235 REP. WHITTY explained his reluctant support for SB 554A. 257 REP. CARTER explained her support for SB 554A 268 REP. SHIBLEY explained her support for SB 554A. 276 REP. BRIAN explained her support for SB 554A. 295 REP. ADAMS explained his support for SB 554A. Discussion 328 VOTE The motion passed 10-0. Ayes: REPS. BRIAN, BURTON, CARTER, FEDERICI, GIROD, SHIBLEY, WHITTY ADAMS, SCHOON, and CHAIR JONES. Absent: REP. WALDEN. 320 CHAIR JONES conducted administrative business. She announced that the Committee would do nothing further on the bills related to the Transportation Package, but that she did want to work on the election bill, HB 3677.

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Page 5 Discussion 379 CHAIR JONES closed the Work Session on SB 554A.  
381 CHAIR JONES opened the Public Hearing on HB 3677 386 CHAIR JONES  
closed the Public Hearing on HB 3677 and opened the Work Session on HB  
3677. 392 CHAIR JONES conducted administrative business. 409 JIM  
SCHERZINGER explained the creation process of the amendments HB 367 7-4,  
which moved the election date back (Section 2). This will allow the  
Secretary of State to follow a "fairly normal" process for an election,  
which he described. Exhibit 7

TAPE 223 SIDE A 002 JIM SCHERZINGER continued his explanation of HB  
3677-4, which was the election bill for the sales tax bill HB 2500.  
Exhibit 7 Questions and discussion 059 Dick Yates informed members that  
"working families" would not be eligible for the "earned income credit"  
(Page 2 of HB 3677) unless they had dependents. Discussion 069 JIM  
SCHERZINGER continued going through the provisions of HB 3677-4. He said  
the way the amendments overrode the appeal process on the financial  
estimate of the election. He related that currently it was not possible  
to appeal the content of a financial estimate, but the process followed  
to develop the content can be appealed. The language was put into the  
bill because there will not be enough time for anyone to go through an  
appeal process. Questions and discussion 078 COLLEEN SEALOCK said it  
was not uncommon to appeal the financial statement, but she verified  
that such an appeal could only be done on the procedure. 090 JIM  
SCHERZINGER discussed Section 5 on page 3 of HB 3677-4, related to the  
measure being filed with the Secretary of State. He

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Page 6

also explained Section 10, pages 3-4, which had language related to the  
appropriation from the General Fund for the election. Exhibit 7 102  
CHAIR JONES explained the rationale for delaying the election. 112  
CHAIR JONES suggested language for line 17 of HB 3677, page 2, which was  
"working families with children" rather than "working families." Exhibit  
7 Discussion 142 CHAIR JONES read the language agreed upon: Working  
families, with children, earning less than \$24,000 a year would receive  
an earned income credit on their income tax." Exhibit 7 146 REP.  
SHIBLEY repeated a suggestion from REP. BURTON for an additional  
language change to line 23 of page 2, which she read to the members.  
Exhibit 7 Discussion 174 CHAIR JONES said the word "now" would be  
removed from line 23 of page 2 of HB 3677-4. Exhibit 7 177 REP.  
FEDERICI said he had two other language changes for page 2 of HB 367  
7-4. Exhibit 7 Discussion 218 CHAIR JONES recommended that the members  
not implement the first change suggested by REP. FEDERICI. 219 REP.  
FEDERICI asked members to consider another change, to line 27, page 2 of  
HB 3677-4. Members clarified what they thought the word "we" meant.  
Discussion about other language in HB 3677-4 240 REP. ADAMS wondered if  
the words "essential services" should be added to the section beginning  
on line 10 of page 2, in addition to being in HJR 10. Discussion 248  
CHAIR JONES said the language "essential services" would be

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Page 7

added to line 12, page 2 of HB 3677-4 after the words "motor fuel."  
Discussion about other language in HB 3677-4 as related to HJR 10. 278  
CHAIR JONES summarized all the conceptual changes requested and agreed  
to by members. 292 MOTION REP. SCHOON moved to adopt the amendments  
HB 3677-4 to HB 3677, as conceptually amended by the language suggested  
by members. NO DISCUSSION 1 297 ORDER There being no objection, CHAIR  
JONES so ordered. 298 MOTION REP. SCHOON moved to rescind the  
subsequent referral to House Appropriations and to send HB 3677 as  
amended, with the conceptual amendments suggested by members.  
DISCUSSION 311 TED REUTLINGER addressed the issue of why HB 3677-4 had  
an emergency clause. Discussion DISCUSSION (on the MOTION continued) 339  
VOTE The motion passed 8-1. Ayes: REPS. BURTON, CARTER, FEDERICI,  
SHIBLEY, WHITTY, ADAMS, SCHOON, and CHAIR JONES. Nays: REP. GIROD.  
Excused: REPS. WALDEN and BRIAN. 349 CHAIR JONES closed the Work  
Session on HB 3677. 353 CHAIR JONES adjourned the meeting at 6:55.

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Page 8 Paula K. McBride, Committee Assistant Kimberly Taylor James,  
Office Manager EXHIBIT SUMMARY

1. HB 2234-6, Jim Scherzinger, Legislative Revenue Office. 2. Revenue  
Analysis of Proposed Legislation, HB 2234-6, Jim Scherzinger Legislative  
Revenue Office. 3. Staff Measure Summary, HB 2234-4, Jim Scherzinger,  
Legislative Revenue Office. 4. Revenue Analysis of Proposed Legislation,  
SB 554-A, Terry Drake, Legislative Revenue Office. 5. Staff Measure  
Summary, SB 554-A, Terry Drake, Legislative Revenue Office. 6.  
Memorandum from Senator Wes Cooley, regarding SB 554, 8/3/93. 7. HB  
3677-4, Jim Scherzinger, Legislative Revenue Office. 8. Memorandum from  
Roz Shirack, Legislative Fiscal Office, regarding "HB 367 7: Polling  
Site Election Costs. 9. Example of ballot measure, Jim Scherzinger,  
Legislative Revenue Office.

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