

Work Session: HJR 10  
Tapes 153 A/B  
154 A  
HOUSE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE

JUNE 17, 1993 8:30 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 Greg Walden  
Representative Jim Whitty

Staff: James Scherzinger, Legislative Revenue Officer  
Steve Bender, Legislative Revenue Office  
Paula McBride, Committee Assistant

TAPE 153 SIDE A

006 CHAIR JONES called the meeting to order at 8:41 and conducted administrative business.

017 CHAIR JONES asked members what they wanted to fund from the sales tax revenues, as opposed to the issue of how much to fund. The "what" referred to specific grades to which the sales tax would be dedicated.

Discussion

040 CHAIR JONES reviewed the discussion concerning the Oregon Health Plan that was held by the Committee (on 6/16/93).

Discussion

048 CHAIR JONES returned the discussion to "what" to fund with sales tax revenues, and she referred to a previous exhibit in the members' books (see Exhibit 14, 6/5/93). She believed consensus had been reached on funding the following: (1) the Oregon Health Plan, and (2) lottery backfill for education. She warned members

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about whether they wanted to provide only one source of funding for all education in the state, or if there "should be competing interests in a budget process." Members had to decide if they wanted to fund the higher education piece from the proposed sales tax reform.

Discussion

173 CHAIR JONES believed the members had reached consensus that the sales tax would not fund higher education. She wanted thought given to how the public could be convinced to support the sales tax in return to providing quality education to the children of Oregon.

198 REP. WALDEN suggested that HB 3565 to be tied into the sales tax reform plan. He believed this bill would contribute to important educational

goals.

Discussion

293 CHAIR JONES provided an explanation for material staff would present on revenues currently being spent, how was it derived, and how do these figures relate to the General Fund and the proposed sales tax.

303 JIM SCHERZINGER described the chart written on the white board on the "1995-97 General Fund." The categories of this chart were (1) the reduced budget, (2) the tax plan (based on the \$1.9 billion plan with a rate of 4.8%, see Exhibit 3, 6/1/93), and (3) the new General Fund budget. The numbers were based on an ending balance of \$68 million. Exhibit 1

413 Questions and discussion about the information on a proposed 1995-97 General Fund. Exhibit 1

TAPE 154 SIDE A

002 Questions and discussion continued about the information JIM SCHERZINGER wrote on the white board. Exhibit 1

015 JIM SCHERZINGER continued his discussion of the information on the board related to budgets and revenues. He discussed the financing of schools which would come from three sources: the property tax, the sales tax (proposed), and from the General Fund. Exhibit 1

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Questions and discussion

031 JIM SCHERZINGER finished his description of the material on the board, explaining how the "new budget" was derived. The ending balance (given the passage of the tax plan decided upon) was \$531 million, and he mentioned programs the members had thought they might want to fund with this money. Exhibit 1

Questions and discussion

089 CHAIR JONES raised issues associated with school equity and the current reduced budget new shortfall of \$1,369 million.

Discussion of achieving school equity in Oregon

140 CHAIR JONES talked about the kinds of choices the members could make, based on the information presented by JIM SCHERZINGER.

Discussion

192 CHAIR JONES referred members to a previous exhibit that contained a tax plan centered on an Oregon base of 5.0% (see Exhibit 14, page 6, 6/5/93), and she pointed out the differences that would be achieved between this plan and the one with the Washington 4.8% base.

248 JIM SCHERZINGER presented draft language members might want to adopt to change the Oregon spending limitation constitutionally (from a work group comprised of REPS, GIROD and BURTON). The language referred to limitation on spending due to revenues from the Personal Income Tax and the proposed sales tax. He read the handout with this language, beginning with a description of the taxes. Exhibit 2

277 JIM SCHERZINGER discussed the first section of the draft language on a spending limitation. He noted there was no ratcheting specified in this language, and he explained how such a spending limit might work. Exhibit 2  
Questions and discussion

301 JIM SCHERZINGER continued his explanation of proposed language on a spending limitation with Section (2). Exhibit 2

Discussion about the percentage rate in Section (2) of Exhibit 2.

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357 JIM SCHERZINGER explained Section (3) of the proposed language on a spending limitation, which he believed was not too broad. He did stress that there were issues still to be resolved with a limitation. Exhibit 2  
Questions and discussion

375 JIM SCHERZINGER talked about Section (4) of the proposed language, which would allow spending outside the limitation. Exhibit 2

379 Questions and discussion about the draft language proposed for changing the Oregon spending limitation. Exhibit 2  
Questions and discussion

TAPE 153 SIDE B

002 Questions and discussion continued about changes that might be made to the Oregon spending limitation. Exhibit 2

045 REP. BRIAN asked what indices would be used as an "inflation index" for the spending limit. He cited problems with the Consumer Price Index (CPI).  
Discussion

059 JIM SCHERZINGER explained the differences between using real income as an index for a spending limit and using the CPI, referring to a handout entitled "Basic Economic Statistics - I" Exhibit 3  
Questions and discussion

176 REP. GIROD, speaking for the working group on the proposed language for the spending limitation, clarified some of the language in Section (2).  
Exhibit 2

Discussion of the proposed constitutional language on the spending limitation. Exhibit 2

235 JIM SCHERZINGER reminded members that the discussion was based on a tax that the state does not yet have. He mentioned ways to implement the proposed language and options that still have to be dealt with concerning the spending limitation.

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Discussion

370 VICE CHAIR SCHOON adjourned the meeting at 10:02.

Paula K. McBride, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. 1995-97 General Fund (handwritten material), Jim Scherzinger, Legislative Revenue Office.
2. One-page sheet with proposed constitutional language for an Oregon spending limit, put together by REPS. BURTON and BURTON, presented by Jim Scherzinger, Legislative Revenue Office.
3. Basic Economic Statistics - I, Jim Scherzinger, Legislative Revenue

Office.

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