

ORIENTATION

Tapes 011-12 A/B and 13 A

SENATE COMMITTEE ON

REVENUE AND SCHOOL FINANCE

JANUARY 25, 1993 1:00 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Senator Shirley Gold, Chair Senator Brady Adams Senator
Ron Cease (departure 2:55) Senator Rod Johnson Senator Peg Jolin (absent
1:20-1:45 and 2:30 3:05) Senator Paul Phillips (departure 2:45) Senator
Tricia Smith (absent 1:25-1:45 and 2:30-3:05)

Witnesses Present: John Lattimer, Legislative Fiscal Officer

Staff: James Scherzinger, Legislative Revenue Officer Terry Drake,
Legislative Revenue Office

Jennifer Belkle, Committee Assistant

TAPE 11 SIDE A

005 CHAIR GOLD called the meeting to order at 1:07 p.m.

015 TERRY DRAKE began testimony on the history of Highway Taxes and an
overview of the current system. Exhibit 1.

120 TERRY DRAKE pointed out that the user based system which is based
primarily on weight causes the larger trucks to be taxed at one of the
highest rates in the nation.

140 TERRY DRAKE informed the Committee that the price on fuel, not
considering inflation, is at the lowest rate since the early 1970's or even
late 1960's.

170 TERRY DRAKE reminded the Committee that revenue from the gas tax is
constitutionally dedicated to the Highway Fund.

190 TERRY DRAKE explained the distribution of the Highway Fund.

252 SEN. ADAMS inquired about the correlation on the weight mile tax and
the vehicle registration license fee to the business cycle.

243 TERRY DRAKE responded that this correlation was not coincidental. He
pointed out that this entire system runs on the growth of population and
business/commerce.

Questions and discussion interspersed.

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.

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TAPE 12 SIDE A

001 JIM SCHERZINGER presented information that had been collected in
response to questions that have arisen during the Senate and House
orientations. Exhibit 2.

140 JIM SCHERZINGER recapped the answers to several specific questions that
were not covered in the packet of material.

147 JIM SCHERZINGER stated that Certificates of Purchase (COPs) are not
included in local district bond limitations.

154 JIM SCHERZINGER related that 13% of seniors eligible for the Senior
Deferral program participate in that program.

211 JIM SCHERZINGER informed the Committee that the number of Oregonians
who had tax return incomes above the \$70,000 range were 5% of individual
filers and 10% of married filers.

240 JOHN LATTIMER began testimony regarding the fiscal office's analysis of

the Governor's budget. Exhibits 3 & 4.

300 JOHN LATTIMER pointed out that the growth of the Oregon State Budget follows very closely to population growth and the consumer price index (CPI).

330 JOHN LATTIMER spoke about Measure 5 and the origin of discontentment that occurred just prior to its passage regarding the cuts in property tax relief.

355 JOHN LATTIMER stated that the medical CPI is growing quite dramatically. This is important because one of the fastest growing areas of the budget is the medicaid/medical services budget in the Department of Human Resources (DHR).

365 JOHN LATTIMER pointed out the rapidly rising costs of a portion of the population that requires more extensive funding.

380 SEN. JOHNSON inquired about information regarding retirees on fixed incomes from other states.

405 JOHN LATTIMER concurred that a number of retired citizens dispose of their resources so that the state will provide for them.

420 SEN JOHNSON inquired about other "retired" states' experiences with this situation.

Questions and discussion.

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TAPE 11 SIDE B

001 JOHN LATTIMER continued.

025 JOHN LATTIMER began his discussion on the analysis of the Governor's budget.

047 JOHN LATTIMER explained the process of determining a current service level budget and how this effects projected estimates for future budgets. Questions and discussion.

120 JOHN LATTIMER summarized how the Governor proposes to close the 1.26 billion dollar gap in the budget.

150 JOHN LATTIMER pointed out that programs in the proposed budgets are reduced by one billion dollars.

195 JOHN LATTIMER stated that approximately 3000 state budgeted positions will be terminated. Furthermore, the budgeting of vacancies is no longer going to be done. This will reduce the flexibility of using those vacancies to obtain additional revenue.

Questions and discussion.

TAPE 12 SIDE B

001 JOHN LATTIMER continued with his testimony regarding the Governor's mandated budget.

Question and discussion.

160 JOHN LATTIMER went over a budget comparison sheet. Exhibit 4.

210 JOHN LATTIMER summarized Governor Roberts' top priorities.

230 JOHN LATTIMER discussed the DHR programs and caseloads.

288 JOHN LATTIMER addressed the issue of medical assistance/costs and their impact on the budget process. He highlighted the increasing costs at dramatic rates. He concluded that like the nation, until this area of spending is under control it will be difficult to get the budget under control.

Questions and discussion.

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TAPE 13 SIDE

A

001 JIM SCHERZINGER discussed the possibility of inviting Duncan Wyse to make a presentation regarding the implications of the benchmark process for the budget and how that will eventually change the budget process.

020 CHAIR GOLD adjourned the meeting at 3:05 p.m.

Jenni ~ Belkle, ittee Assistant

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Kimberly Taylor, Office Manager

Exhibit summary

1. Drake, Highway Taxes, 1-6-93
2. Scherzinger, Total State Revenue, 1-93
3. Lattimer, Budget Comparisons, 1-93

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