

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 19, 1991 8:00 AN Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson Representative Fred Parkinson Representative John Schoon

Representative Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue Officer Steve Meyer, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: John Danielson, Oregon Education Association Ozzie Rose, Confederation of Oregon School Board Administrators Jim Kenney, Department of Revenue TAPE 73 SIDE A 005 CHAIR JONES called the meeting to order at 8:09 and conducted administrative business. 010 CHAIR JONES explained HB 5009 is an appropriation bill which was sent to House Revenue because of line 11 which repeals the 2% kicker. HB 5009 appropriates money from the General Fund to the Basic School Support Fund. PUBLIC HEARING - HB 5009 020 CHAIR JONES referred the members attention to written testimony from John Vale representing the Oregon School Employees Association. Exhibit 1. 026 JOHN DANIELSON supported "a larger basic school support appropriation than what has been discussed so far". He explained why he supported "front end loading" for the first year of basic school support appropriations. He explained the impact on programs because of Ballot Measure 5 and noted schools are required by the Constitution and should not be subject to the same level of cuts as other programs.

.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. House Committee on Revenue and School Finance February 19, 1991 Page 2 050 JOHN DANIELSON explained \$665 million is needed for the first year to reach the level of basic school support as previous year and suggested a concentration of reductions in the second year of Measure 5 implementation. He explained three needs: 1) Basic school support appropriation for the first year. 2) Appropriation for replacement dollars. 3) Indication how replacement dollars will be distributed to individual districts. 116 Questions and discussion regarding appropriation recommended by Ways and Means Subcommittee in HB 5009. 125 JOHN DANIELSON requested the committee change appropriation to \$665 million and send HB 5009 to Ways and Means. 138 JOHN DANIELSON favored repeal of the 2% kicker and noted the kicker does not promote equity. 178 Questions and discussion regarding mechanics of the 2% kicker. 196 Questions and discussion regarding 2% kicker section of HB 5009 as a separate bill. 207 JOHN DANIELSON explained a need for action on HB 5009 and reviewed the budget process for schools. 231 Questions and discussion regarding replacement revenue and distribution of basic school support. 256 CHAIR JONES explained her intent is to remove the portion in HB 5009 relating to the 2% kicker, move HB 5009 to Ways and Means and deal with the kicker later. 269 Questions and discussion. 287 CHAIR JONES commented on a bill in Senate Revenue Committee dealing with the school distribution formula. 316 OZZIE ROSE supported large funding for schools for first year of Measure 5 implementation. (usually second year of appropriation is higher amount - 48%/52%). He explained that an equity issue will not be addressed with an amount of \$607 million currently in HB 5009. 380 Questions and discussion regarding flat funding for schools. TAPE 74 SIDE A 001 OZZIE ROSE continued with

his testimony regarding a way for schools to address equity issues.

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for safety net districts and referred to paragraph two of Ballot Measure 5. (see Exhibit 4 from House Revenue 1/25/91 meeting - Measure 5) 207 JIM SCHERZINGER explained the safety net limit is on the levy outside the base and does not necessarily have an impact on state replacement obligation to that particular district, but does have an effect on the state-wide total. 236 REP. HOSTICKA interjected the safety net is not a limit but an authorization. 244 CHAIR JONES read paragraph (5) from Ballot Measure 5 for clarification purposes. (see Exhibit 4 from House Revenue 1/25/91 meeting - Measure 5)

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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. House Committee on Revenue and School Finance February 19, 1991 Page G 247 JIM SCHERZINGER summarized Tax Calculation and reviewed assessor's tax certification requirements and referred to page 106 of HB 2550. 289 JIM SCHERZINGER interjected if property is not subject to ad valorem taxes then there is not a need for the assessor to levy those taxes. 301 JIM SCHERZINGER reviewed tax calculation for schools, nonschools and exempt bonds. He explained the use of funds determines which category the tax comes under (not the district which is levying the ,taxes). 346 JIM SCHERZINGER provided an example of nonschool use category. 351 Discussion regarding a separate levy for the county school fund. 398 JIM SCHERZINGER referred to Section 214 of HB 2550 regarding the definition of educational services. TAPE 75 SIDE A 006 REP. CLARK wanted local districts have maximum control over separation issues. 016 JIM KENNEY clarified the current language in HB 2550 would required each category to be identified and separated. The Department of Revenue agrees with Rep. Clark that this language is too restrictive and

amendments will follow. 027 Questions and discussion regarding competition of funds between schools and nonschools. 036 CHAIR JONES conducted administrative business and adjourned the meeting at 10:40.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Testimony from Oregon School Employees Association, 2/19/91 HB 5009 2. Tax Calculation/State Replacement in 1991/92, LRO, 2/19/91 HB 2550 3. HB 2550 Summary of Revenue Impacts, LRO, 2/11/91 - HB 2550 4. Tax Calculation, LRO, 2/19/91 - HB 2550 ~ 5. Measure 5 Implementation Issues, LRO, 2/16/91 - HB 2550 6. Reading Material, 2/91 - Miscellaneous

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