

Tapes 200-201 (A/B) Public Hearing: SB 437, SB 438 Work Session: SB 1185A HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE May 21, 1991 8:00 AM Hearing Room A State Capitol Building Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair m 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 Dick Yates, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Senator Shirley Gold, District 7 Representative Gail Shibley, District 12 Representative Jackie Taylor, District 2 Kate Menard, Heart of Oregon Coalition Paul McKenna, Oregon Public Employees Union BJ Smith, League of Oregon Cities Gil Riddell, Association of Oregon Counties TAPE 200 SIDE A 005 CHAIR JONES called the meeting to order at 8:10 as a subcommittee until a quorum was reached at 8:12. PUBLIC HEARING - SB 437, SB 438 017 SEN. GOLD supported SB 437 and SB 438 and described an ad hoc group called Legislators for Tax Justice. Oregon tax law does not contain a tax policy statement and lacks a strategic plan. SB 437 and SB 438 would place a tax policy into law. SB 437 proposes that the total tax commitment for individuals and families should reflect their ability to pay and any new tax should be considered in conjunction with the affects of all other taxes on Oregonians. SB 438 establishes a starting place (tax policy) with Oregon's personal income tax system. 054 SEN. GOLD referred to Proposed Amendments SB 437-1 and SB 438-1 and gave the background of these amendments. Proposed Amendments SB 437-1 is a rewrite and speaks to fairness and equity as basic values and amplifies the intent of SB 437. Exhibits 1, 2

These minutes paraphrase and/or surmarize statements nade 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 May 21, 1991 Page 2

083 SEN. GOLD reviewed SB 438-1 which answers Senate and AOI (Association of Oregon Industries) concerns relating to the "tone" of SB 438. 118 Questions and discussion. 134 Questions and discussion regarding guiding principals behind SB 437-1 and terms which are not easy to define. 165 Questions and discussion regarding the use of a tax system to ,achieve social services. 192 Questions and discussion regarding Proposed Amendments SB 438-1 and value term concerns. 217 CHAIR JONES welcomed Oregon City students. 236 SEN. GOLD summarized the intent of the proposed tax policy which will provide a measuring base. 262 REP. SHIBLEY supported SB 437 and SB 438 and noted support from Rep. Cease, Rep. Stein and Rep. Taylor. She reviewed her concerns with categories of taxation and obligations to citizens. She supported an even distribution of Oregon's tax burden. She noted her concerns with the current tax system and referred to a booklet entitled A Far Cry From Fair. Exhibit 5 004 REP. TAYLOR supported SB 437 and SB 438 and noted their appropriate timeliness (Measure 5). TAPE 201 SIDE A 013 Questions and discussion regarding Rep. Shibley's feelings about Oregon's income taxes. 032 REP. HOSTICKA supported a review of the total tax burden of Oregonians., He did not want to isolate a single tax. 049 Questions and discussion regarding tax policy. 084 Questions and discussion regarding membership of Legislators for Tax Justice. 092 Questions and discussion regarding tax efficiency, income classes and varying factors within classes of taxpayers. 140 KATE MENARD supported SB 437 and SB 438 and read her prepared testimony. Exhibit 3

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 May 21, 1991  
Page 3

175 PAUL MC KENNA supported SB 437 and SB 438 and read his prepared testimony. He referred to a booklet entitled A Far Cry From Fair. Exhibits 4, 5 330 Questions and discussion regarding an impact on HARRP in relationship to SB 437 and SB 438. 370 CHAIR JONES conducted administrative business and recessed the meeting at 9:05. She reconvened the meeting at 9:24. WORK SESSION - SB 118 5A 395 JIM SCHERZINGER explained SB 1185A requires the creation of a tax coordination plan. He reviewed two issues which were addressed previously by the committee. 1) If the sunset date accomplished the intent. He noted Proposed Amendments SB 1185A6 address the sunset issue. 2) How SB 1185A deals with other taxes other than normal property taxes. TAPE 200 SIDE B 001 JIM SCHERZINGER reviewed Proposed Amendments SB 1185-A6 which are mostly reference changes for sunset date clarity. Exhibit 6 045 Questions and discussion regarding why a sunset date is proposed. Questions and discussion interspersed regarding timing, 1993 Legislative review, etc. 119 JIM SCHERZINGER discussed a need to review with Legislative Counsel language which affects elections prior to the tax year beginning and extending the sunset. 127 Questions and discussion regarding specificity requirements in Section 7 and an ability to communicate (revenue impact on other districts). 150 Questions and discussion regarding the mandate nature of SB 1185. 169 CHAIR JONES referred to SB 1185 fiscal impact (see Exhibit 11 from House Revenue and School Finance Committee 5/10/91 meeting). 175 Questions and discussion regarding fiscal impact on counties. 194 GIL RIDDELL commented on extending the sunset date and flexibility within local governments. 200 Questions and discussion regarding unknowns relating to proposed coordination process.

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 May 21, 1991  
Page 4 217 Questions and discussion regarding smaller cities involvement in the development of SB 1185. BJ SMITH gave examples of input from cities. 236 REP. PARKINSON noted his concern regarding an impact on small cities. 246 CHAIR JONES questioned the committee on their desire relating to local governments and competition issues. 268 JIM SCHERZINGER clarified Section 8 applies only to Multnomah county. 282 GIL RIDDELL was concerned with the mandate aspect of SB 1185A. 296 CHAIR JONES clarified previous testimony from Bob Cantine (AOI) as being neutral on SB 1185A. 304 Questions and discussion regarding impact on smaller districts. 328 CHAIR JONES noted the ongoing communication among some local governments. 339 REP. WHITTY believed there is a need for explanation on the ballot of impact on other districts, but was unsure of the balance of SB 1185A. 357 BJ SMITH reviewed why SB 1185 was developed and discussed an early concern from legislators relating to a lack of coordination and a competition issue among local governments. 412 CHAIR JONES requested input from the committee regarding the proposed coordination process. TAPE 201 SIDE B 024 REP. NELSON believed impact on other districts should be on the ballot, but was unsure of other portions of SB 1185. 030 Questions and discussion regarding impact on counties v. cities (cities coordination is more severe because of numbers). 038 Questions and discussion regarding

impact on special districts and small districts. 069 REP. PARKINSON supported a one year sunset. 075 Questions and discussion regarding effect on current operating levies.

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 May 21, 1991 Page 5 096 Questions and discussion regarding communication and support among local districts. 100 Questions and discussion regarding one year or two year sunset. CHAIR JONES believed the ballot provision (impact on other districts) should continue even if other portions of SB 1185 have a one year sunset. 130 REP. WHITTY and REP. NELSON agreed with Chair Jones. ,140 Questions and discussion regarding current interaction among districts and why legislation is needed. 150 BJ SMITH provided examples of the advantage of local districts meeting and the inherit responsibility for long term disclosure. 198 Questions and discussion. 205 MOTION CHAIR JONES moved Proposed Amendments SB 1185- A6, 5/20/91 with a conceptual change that a two year sunset be placed on the ballot provision (effect on other districts). 218 DISCUSSION 224 ORDER There being no objection, CHAIR JONES so ordered. 230 JIM SCHERZINGER pointed out an issue relating to the effects of other taxes on property other than normal property taxes. 246 Questions and discussion. 280 MOTION REP. PARKINSON moved SB 1185A as amended to the floor with a do pass recommendation. 291 REP. CLARNO supported CHAIR JONES' motion, but was concerned with mandating communications. 298 REP. NELSON offered qualified support for CHAIR JONES' motion. 316 REP. HOSTICKA supported the motion. He did not view SB 1185A as a burden to local governments. 342 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps. Clark, Clarno, Nelson, Parkinson; Whitty, Burton, Hosticka, Jones. EXCUSED: Rep. Schoon. 354 CHAIR JONES adjourned the meeting at 10:18.

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 May 21, 1991 Page 6

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Proposed Amendments SB 437-1, 5/20/91, Sen. Gold - SB 437 2. Proposed Amendments SB 438-1, 5/20/91, Sen. Gold - SB 438 3. Testimony from Kate Menard, 5/21/91 - SB 437, SB 438 4. Testimony from Paul McKenna, 5/21/91 - SB 437, SB 438 5. A Far Cry From Fair, Citizens for Tax Justice, 4/91 - SB 437 6. Proposed Amendments SB 1185-A ;, 5/20/91, LRO - SB 1185 7. Testimony from Oregon Student Lobby, 5/21/91 - SB 437, SB 438 8. Testimony from Senator Joyce Cohen, 5/21/91 - SB 437, SB 438 9. Staff Measure Summary, SB 437, 5/21/91 - SB 437 10. Revenue Impact, 3/11/91, LRO, Fiscal Impact, 3/4/91, LFO - SB 437 11. Staff Measure Summary, SB 438, 5/21/91 - SB 438 12. Revenue Impact, 3/11/91, LRO, Fiscal Impact, 4/3/91, LFO - SB 438 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.