

Tapes 214-216 (A/B) Tape 217 (A) Public Hearing: HB 3575A, SB 237, HB 2130A, HB 3469A Work Session: SB 237, HB 2424

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 30, 1991 8:00 AM 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: Dick Yates, Legislative Revenue Office Terry Drake, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Representative Jeff Gilmour, District 30, Representing Ways and Means Committee Kevin Concannon, Department of Human Resources Bill Carey, Children's Services Division Janet Neuman, Division of State Lands John Marshall, Oregon School Boards Association Norma Paulus, Superintendent of Public Schools Greg McMurdo, Department of Education Mike Graine, Department of Energy Bill Nesmith, Department of Energy Bruce Thiel, Avison Lumber Co. Libby Henry, Eugene Water & Electric Board Dick Feeney, Tri-Met Ted Molinari, Praegitzer Industries Kris Nelson, Enertrol, Inc. Dennis Oberto, Enertrol Inc. Dell Isham, Northwest Propane Gas Association Susan Schneider, City of Portland George Richardson, Northwest Natural Gas Jim Anderson, Pacific Power and Light Keith Leavitt, Legislative Assistant for Representative Stan Bunn, District 29 Dan Campbell, Central Electrical JATC Dan Faddis, Central Electrical JATC Doug Evert, Plumbers and Steamfitters Local 290 Quint RaHB erger, Bureau of Labor and Industries

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 30, 1991 Page 2

TAPE 214 SIDE A 005 CHAIR JONES called the meeting to order at 8:05. PUBLIC HEARING - HB 357 5A 014 REP. GILMOUR expressed support of HB 3575A previously heard in Ways and Means Subcommittee on Human Resources. He described people who offer their homes to foster children and explained the state's reimbursement to foster parents is less than 50% of costs. The conclusion of the Subcommittee was the introduction of HB 3575 which recognizes foster parents and provides a tax credit based on cumulative "days of foster care". He was not aware of any opposition to HB 3575A. 052 CHAIR JONES commented on a projected revenue reduction impact from HB 357 5A of \$1 million for the first biennium and \$1.104 million for the second biennium. Reference was made to the Fiscal Analysis. Exhibit 1 067 Questions and discussion regarding age limit of foster care children. 086 REP. GILMOUR believed he could obtain support from the House and Senate even with the \$1 million impact. 093 DICK YATES referred to a study completed by Children's Services Division (CSD) relating to the number of children in the \$250 tax credit group and in the \$500 tax credit group. He noted a total of 4,177 children. 113 Questions and discussion regarding tax deduction estimation. 116 KEVIN CONCANNON testified in support of HB 3575A. He reviewed the foster care program and the state's reliance on foster care homes which is the most cost effective outside a person's own family. He provided examples of the number of turnovers of foster care providers and burdens involved. He related a desire from foster care parents to be acknowledged. HB 3575 is good for children and good for Oregon. 144 Questions and discussion regarding human resources budget. 160

Questions and discussion regarding cost per month per child based on age. 167 BILL CAREY reviewed requested budget increases for Children's Services Division. 177 Questions and discussion interspersed (cost of foster care, how foster care providers complete tax returns, average medium income of foster parents).

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 30, 1991
Page 3

245 Questions and discussion regarding compensation for foster care providers with the most difficult cases. PUBLIC HEARING - SB 237 317 JANET NEWMAN supported SB 237 and summarized her prepared testimony. Exhibit 3 TAPE 215 SIDE A 001 JANET NEWMAN continued with her testimony. 034 Questions and discussion regarding distribution of the Common School Fund. 054 Questions and discussion regarding the amount in the Common School Fund (investment policy, diversified in stocks and bonds). 088 Questions and discussion regarding timber land (which lands do the best, market rate lease fees, holding of lands considered not productive). 120 Questions and discussion regarding land impacted by the spotted owl. 134 JOHN MARSHALL supported SB 237 and reviewed his initial concerns with SB 237. He believed SB 237 will benefit the Common School Fund in the long term and he provided examples. 152 Questions and discussion regarding a long term investment policy and long term school financing. 170 Questions and discussion regarding a scenario that excess revenue above the statutory spending limit would go into the Common School Fund. 177 Questions and discussion. WORK SESSION - SB 237 200 MOTION REP. PARKINSON moved SB 237 to the floor with a do pass recommendation. 205 DISCUSSION 230 VOTE In a roll call vote, the motion was adopted (7-0). AYES: Reps. Clark, Clarno, Nelson, Parkinson, Schoon, Hosticka, Jones. EXCUSED: Reps. Burton, Whitty.

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 30, 1991
Page 4

WORK SESSION - HB 2424 233 CHAIR JONES noted that HB 2424 was reviewed by the Subcommittee on Income Taxation. 240 NORMA PAULUS commented on a relationship between HB 2424 and a new school distribution formula emphasizing early childhood programs. She explained two reasons for the introduction of HB 2424. The Board of Education unanimously agreed that early childhood education is a priority and noted HB 2424 would not change the amount of funding for schools. The Common School Fund has funded General Fund efforts because of a lack of direction. 309 REP. CLARK did not agree with the major premise in HB 2424 but agreed with its conclusion. 323 Questions and discussion. 368 GREG MC MURDO proposed an amendment to HB 2424 relating to Union High School Districts. 381 Questions and discussion regarding current distribution and accounting of the Common School Fund. TAPE 214 SIDE B 001 Questions and discussion continued regarding HB 2424 adding emphasis to early childhood development. 026 CHAIR JONES read Section 4, Article VIII of the Oregon Constitution relating to the distribution of the Common School Fund. She conducted administrative business. PUBLIC HEARING - HB 213 OA 065 DICK YATES explained HB 2130A expands the Business Energy

Tax Credit (BETC) program. He reviewed the current program and a cap of \$40 million per year. He reviewed the percentage of tax credit applied over a period of five years. HB 2130A does not affect the existing cap and he noted no revenue impact. HB 2130A broadens the devices or activities for certification. 124 CHAIR JONES questioned the expansion of distribution if the current available tax credits are being utilized. 126 MIKE GRAINEY explained a need to emphasize other areas in energy conservation with the tax credit. He supported HB 2130A and summarized his prepared testimony. Exhibit 11 167 MIKE GRAINEY referred to Proposed Amendments to HB 2130A. Exhibit 12

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 30, 1991
Page 5

177 REP. PARKINSON interjected that the House Environment and Energy Committee rejected amendments referred to by Mike Grainey. 180 MIKE GRAINEY referred to page 4 of his handout regarding First Year Added Demand on BETC from Expanded Eligibility. He noted there was not a sub cap provision. Exhibit 11 225 Questions and discussion regarding incentives for alternative fuel choices. 259 REP. HOSTICKA was concerned with expanding eligibility under the current cap and how the proposal will provide incentives for people to change behaviors (rather than provide credits for something people would do anyway. 272 Questions and discussion regarding a rationale for providing a subsidy to a regulated utility. 330 BRUCE THIEL testified in support of HB 2130A (energy conservation portions) and provided his sawmill industry background. He provided examples of his use of tax credits which changed his manufacturing process. 380 Questions and discussion regarding benefits through a utility payment. 399 LIBBY HENRY supported HB 2130A and gave examples of Eugene Water and Electric Board's (EWEB) use of the current tax credit program to leverage a residential weatherization plan and she provided examples of EWEB'S successful work. She believed HB 2130A was a critical part of a conservation program. TAPE 215 SIDE B 006 LIBBY HENRY emphasized HB 2130A expands the applicability of the current program and noted that EWEB cannot take a tax credit. She believed the distribution will remain equitable (no sub caps). 020 Questions and discussion regarding competition for tax credits. 045 DICK FEENEY supported HB 2130A and proposed amendments from the Department of Energy. He summarized his prepared testimony. Exhibit 13 085 REP. PARKINSON questioned benefits to small communities from transit passes. 092 Questions and discussion regarding concerns noted by Rep. Parkinson. 111 CHAIR JONES recessed the meeting at 9:37 and reconvened at 9:58.

- 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 30, 1991
Page 6

121 TED MOLINARI described Praegitzer Industries and supported HB 2130A. He addressed the need for an energy tax credit program and provided examples. He believed a tax credit program directs a change in behavior. Increased competition for the tax credits was acceptable and he noted alternative fuel issues deserve consideration. 170 KRIS NELSON described the energy conservation efforts of Enertrol Inc. He urged the committee to support HB 2130A and other related bills. 228 DENNIS

OBERTO reviewed the importance of the Business Energy Tax Credit (BETC) program. 254 DELL ISHAM supported HB 2130A and reviewed his testimony presented to the House Environment and Energy Committee. He noted that the fuels listed are not experimental and propane is the most used fuel in the world. He addressed a need to establish an infrastructure to address conservation needs and gave examples of other countries using alternative fuels for transportation. He addressed the availability of supplies. 320 Questions and discussion regarding the cost of converting from gasoline to propane. Examples provided. 351 Questions and discussion regarding California's, Washington's and Canada's advanced stage of alternative fuel use. The advantages of propane fuel was addressed. TAPE 216 SIDE A 001 SUSAN SCHNEIDER supported HB 2130A and amendments from the Department of Energy. 012 GEORGE RICHARDSON supported HB 2130A and provided history of other states' encouragement of alternative fuels. Oregon needs necessary incentives to bring about changes in alternative fuel choices for vehicles. 035 Questions and discussion. 052 JIM ANDERSON explained Pacific Power and Light is not opposed to transportation energy saving measures or alternative fuels. He provided history of working with the Department of Energy on the BETC and other tax credit programs. He addressed the cap of \$40 million and concerns with the expansion. He noted that the Department of Energy will administer the tax credits.

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. Howe Committee on Revenue and School Finance May 30, 1991
Page 7

PUBLIC HEARING - HB 346 9A 081 DICK YATES reviewed HB 3469A which establishes a youth apprenticeship pilot program to provide occupational skill training for up to 100 high school students. He reviewed the proposed tax credit for employers of up to \$3,000 per year and wages paid to students. He estimated a maximum revenue impact for the 1991/93 biennium of \$460,000 and for the 1993/95 biennium of \$600,000. 176 Questions and discussion regarding separation of issues (apprenticeship program and tax credit). 189 Questions and discussion. 214 CHAIR JONES related a connection to HB 3565. 223 KEITH LEAVITT explained that employers brought the need for a youth apprenticeship program to Rep. Bunn. He explained a need in rural communities. HB 3469 is part of an education reform package (HB 3565 and HB 347 4). HB 3469 is a separate bill because of past opposition. He believed that HB 3469A provides a bridge for students to see a relevance in their education. He addressed a question from Dick Yates that the program was intended for Oregon students and reasons for a broad pilot program. 279 Questions and discussion regarding high school vocational courses. 311 Questions and discussion regarding reasoning behind the proposed tax credits. 324 CHAIR JONES interjected a need to discuss appropriation impacts from tax credits. 344 DAN CAMPBELL supported HB 3469A and presented proposed amendments relating to revenue issues. Exhibit 14 TAPE 217 SIDE A 001 DAN CAMPBELL continued with his testimony. Questions and discussion interspersed. 063 DAN CAMPBELL reviewed his proposed amendments not relating to revenue issues. Exhibit 14 116 DAN FADDIS provided examples of the number of applicants for current apprenticeship programs. He noted concerns with the proposed tax credit carryover.

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 30, 1991 Page 8 180 Questions and discussion regarding number of applicants compared to apprenticeship openings. 230 Questions and discussion regarding nonresidents (possible use of Oregon tax credit). 356 DOUG EVERT noted Local 290 Plumbers and Steamfitters Union did not support HB 3469A. He believed children should be in school and not placed in a position of a "sweatshop atmosphere". TAPE 216 SIDE B 001 DOUG EVERT continued with his testimony. 020 Questions and discussion interspersed regarding differences between Central Electrical Union and Plumbers and Steamfitters Union. 034 Questions and discussion regarding requirements in HB 3469 for students to remain in school. 054 CHAIR JONES noted safety concerns were addressed in the House Education Committee. 059 DOUG EVERT commented on judicial grounds of challenging HB 346 9. 063 Questions and discussion comparing children remaining in school and school dropout rates (challenges to schools). 092 QUINT RAHB ERGER addressed the appropriateness of the sunset date. He understood the Legislative intent that the apprenticeship program cover Oregon students. He believed the proposal reflects 100 total students for each biennium. 124 Questions and discussion. 157 Questions and discussion regarding Section 2 of Proposed Amendments from Dan Campbell. QUINT RAHB ERGER noted support of the intent in Section 2 Proposed Amendments from Dan Campbell. Exhibit 14 176 Questions and discussion regarding sunset date of 1995 compared to 199 3. 180 CHAIR JONES conducted administrative business and noted a need to review tax credits. 201 DICK YATES explained that the revenue impact reflected a constant amount of 100 students (if one student left, another student would replace). Clarification was provided that the maximum number of students over two bienniums is 200 students, therefore the revenue impact will reduce substantially.

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 30, 1991 Page 9 209 Questions and discussion regarding cost of program (per student). QUINT RAHB ERGER addressed a labor intensive effort in developing and coordinating the proposed youth apprenticeship program. REP. CLARNO was concerned with an administration cost of \$1000 per student. 240 CHAIR JONES conducted administrative business and adjourned the meeting at 11:30.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Fiscal Impact, HB 3575A, 5/14/91, LFO - HB 3575 2. Staff Measure Summary HB 3575A, House Human Resources Committee, 5/30/91 - HB 3575 3. Testimony from Janet Neuman, 5/30/91 - SB 237 4. Revenue Analysis SB 237, LRO, 3/14/91 - SB 237 5. Staff Measure Summary SB 237, LRO, 5/30/91 - SB 237 6. Staff Measure Summary SB 237, House Education Committee, 5/30/91 SB 237 7. Fiscal Impact SB 237, LFO, 2/18/91 - SB 237 8. Revenue Impact, HB 2424, LRO, 1/21/91 - HB 2424 9. Fiscal Analysis HB 2424, 5/2/91, LFO - HB 2424 10. Staff Measure Summary HB 2130A, House Committee on Environment and Energy, 5/30/91 - HB 2130 11. Testimony from Michael Graine, 5/30/91 - HB 2130 12. Proposed Amendments HB 2130, 5/23/91, Michael Graine - HB 2130 13. Testimony from Dick Feeny, 5/30/91 - HB 2130 14. Proposed Amended HB 3469, Dan Campbell, 5/30/91 - HB 3469 15. Fiscal Analysis HB 3469A, LFO, 5/22/91 - HB 3469 16. Staff Measure Summary HB 3469A, House Education Committee, 5/30/91 HB 3469
These minutes paraphrase and/or summarize statements wade during this

meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.