

Tapes 240-243 (A/B) Public Hearing: HB 3240A, SB 814A Work Session: HB 3213A HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE June 13, 1991 8:00 AM Hearing Room A(am)/D(pm) 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 Bender, Legislative Revenue Office Terry Drake, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Representative Bill Markham, District 46 Ray Wilkeson, Oregon Forest Industries Commission Gary Carlson, Oregon Small Woodlands Association John Powell, Oregon Soil & Water Conservation District Supt. Ben Schellenberg, North Clackamas School District Joe Simon, Beaverton Education Association Jay Waldron, Board Vice Chair, North Clackamas School District Supt. Margaret Nichols, Eugene School District Supt. Jim Hager' Beaverton School District Jan St. Lawrent, Citizens for School Support Jerri Dector, Beaverton Chamber of Commerce Patrick Wheeler, Citizens for School Support John Horn, Hillsboro Union High School District Vicky Barrows, Portland Association of Teachers Wes Smith, Newberg Schools Keith Robinson, Woodburn School District Jane Ames, Portland, Oregon John Danielson, Oregon Education Association Senator Shirley Gold, District 7 TAPE 240 SIDE A

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 June 13, 1991 Page 2 005 CHAIR JONES called the meeting to order at 8:08. PUBLIC HEARING - HB 3240A 020 REP. MARKHAM directed members attention to news article he authored that discussed the risks involved in timberland investment and a chart illustrating the cost of requirements to leave conifer trees that have commercial value along class A streams (riparian areas) on private forestlands in Oregon. Exhibits 1, 2 040 REP. MARKHAM continued his explanation at the blackboard noting his agreement with leaving broad-leafed trees along the streams, but did not agree with leaving marketable conifers along the banks illustrating the lost revenues to the landowners. REP. MARKHAM stated the Department of Forestry estimated on an average, knowing the number of acres of private timberland and the miles of class A streams, the amount logged each year would cost the state 2-1/2 million each year. Of that, HB 3240 would return \$1,000,840 to the landowners as a tax credit. The remaining is the cost of administering the act. 134 Questions and discussion interspersed regarding gross/net, difference in stumpage price and log price delivered. 190 REP. HOSTICKA clarified the testimony was that people cannot make money growing timber, there is no income tax liability to take a credit against. If a credit was against a known tax liability, the credit would be against the severance tax rather than the income tax. 196 REP. MARKHAM responded a forest landowner logging a piece of old growth as described is going to make a profit unless it is recently purchased, so it would have a tax liability against the State of Oregon. MARKHAM pointed out he was trying to accommodate people if environmental damage is to the individual. 207 REP. HOSTICKA suggested a riparian area property tax exemption. 203 RAY WILKESON supported HB 3240A reiterating there is a real economic cost to private landowners because of regulatory requirements. WILKERSON commented it was appropriate for the Legislature to consider this type of legislation that focuses attention also on the price to be paid for rules serving a good public purpose. He urged the only way a tax credit be given is if the landowner applies for it - many probably would not apply for it. 240

Questions and discussion 256 GARY CARLSON supported the concept behind HB 3240 emphasizing the need for land to make a profit. 314 TERRY DRAKE clarified there is riparian land property tax

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326 CHAIR JONES stressed the need for publicity about the issue. WORK SESSION - HB 321 3A 350 JIM SCHERZINGER explained HB 3213 allows soil and water conservation districts to charge fees for administering certain water management plans that are due to a determination of the Department of Environmental Quality to improve the water quality in a river/water basin. The committee previously adopted a hand-engrossed amendment (A4) that permits a soil and water district to establish a duty on the part of the landowner to maintain their land by setting up a fee structure that would be outside the limits of Measure 5. The committee had concerns about Section 2 wanting to further clarify what storm and surface management plans the bill refers to and clarify if a certain property was under a plan of some other agency, it would not be under the soil and water conservation district. Also the committee wanted to limit the application of this bill to the Tualatin Basin issue. SCHERZINGER continued the -A5 amendments are not consolidated with the prior set of amendments, however, they do work together. He suggested further language to the -A5 amendment. Exhibit 5 TAPE 241 SIDE A 006 JIM SCHERZINGER related a concern from Scott Ashcom (Nurserymen) that nursery people do not have to pay double fees because they are under a management plan of the Department of Agriculture. SCHERZINGER noted this amendment should cover Ashcom's concern. 015 REP. SCHOON was concerned the amendment described a geographic area in one part of the bill and then another part of the bill refers to people that may or may not be in that geographic area. 022 CHAIR JONES clarified a. defines the conditions of the area affected and the conditions are related to the Federal Clean Air Act. In that area, language further narrows to those who are not under a management plan of any other agency. Discussion 036 REP. SCHOON repeated his concerns. 074 CHAIR JONES noted the amendments should take care of Ashcom's concern, if this does not, she asked language be drafted for further amendment on the Senate side. 082 JIM SCHERZINGER further explained the amendment.

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 June 13, 1991 Page 4 Questions and discussion 103 REP. PARKINSON stated the intent of the committee was for a pilot program to see how it works before it is extended across the state. 104 REP. JONES favored adding a sunset for future review. REP. CLARNO voiced her agreement. CON8EN8U8 REP. JONES added a sunset as Section 5 for January 1, 1996. No members objected 111 Questions and discussion on a limitation to Tualatin Basin and a sunset date. 129 MOTION CHAIR JONES moved adoption of Proposed Amendments HB 3213-A5, 6/12/91 with further conceptual amendments on line 7 of the amendment "are not under a management plan of any other agency due to such a determination by DEQ", and add a sunset as Section 5 "January 1, 1996". 137 ORDER There being no objection, CHAIR JONES so ordered. 140 JOHN POWELL interjected on page 2 of the bill on line 4, the change in the definition of district for soil and water

conservation district could apply to all soil and water conservation districts in the state. The language "or charge fees" would become a new limitation on all districts. He was not sure the limiting language is necessary. Discussion 165 REP. JONES asked interested parties to work on the bill and closed the work session. PUBLIC HEARING - 8B 814A 226 BEN SCHELLENBERG submitted an amendment to SB 814-A 16 containing additional support for the weighted formula for vocational education. Exhibit 6 295 JOE SIMON summarized his prepared testimony opposing reduction in the funding formula for the Beaverton School District. Exhibit 7 320 Questions and discussion on the issue of holding districts harmless. TAPE 240 SIDE B 022 JAY WALDRON discussed his concern with the distribution formula and how it will affect the North Clackamas School District. He urged

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 June 13, 1991 Page 5 districts be held harmless. WALDRON also supported weighting for vocational education, consideration of costs in different areas of the state, and urged \$5 local control. He also referred to written testimony of John Daggett. Exhibit 8 Questions and discussion interspersed 275 MARGARET NICHOLS expressed her concerns the formula will hurt Eugene. She urged further review of the formula to include a level of local option and additional funding with a view to a long term goal. 378 REP. WHITTY did not feel expenditure per student was valid. The goal is to try to get away from using expenditure per student as an element of the formula because it does not taken into account age of staff, condition of buildings, transportation costs variance, and other things that come into expenditure per student that do not add to the instruction in the classroom. WHITTY continued that money is not localized, the money is income tax dollars paid by people from all over the state of Oregon, and sent out to where it is needed; whatever the formula, there will be a number of people that will not like it. TAPE 241 SIDE B 015 REP. HOSTICKA interjected if the formula is to be improved the committee will need suggested amendments. 028 CHAIR JONES noted the short time the committee had to deal with the issue and asked specific input on the formula in writing in a short time. 070 JIM HAGER expressed his concern regarding an adverse impact from SB 814 A on more than one-third of Oregon students. He read his prepared testimony. Exhibit 9 166 Questions and discussion. 179 REP. Clark emphasized the committee's obligation to ensure a constitutional school funding formula. He pointed out the argument that because there is local control it is acceptable to have disparities will go away because with Measure 5 the State is picking up a greater share of the education dollar. Discussion 258 JAN ST. LAURENT expressed her concerns that the formula will negatively impact her children who attend school in the Beaverton School District. She shared a quote with members: "It is easier to build children than repair adults" stressing the importance students get what they need at young ages.

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stressed the importance of a good education system in attracting business and subsequently increased dollars for Oregon. He saw the Senate proposed formula as penalizing those voters who supported a strong education system while not promoting quality of education or economic efficiency. Discussion TAPE 242 SIDE A 046 JOHN HORN described the difficulties the Hillsboro School District would have with the proposed formula. HORN urged the larger districts be held harmless especially Hillsboro because of the growth predicted in that area. 102 STEVE BENDER clarified the distribution formula is based on projections of June ADM for the year of distribution. The June ADM is not the enrollment at the end of the school year, it is the average enrollment over the entire year. 118 JOHN HORN continued. Question and discussion interspersed. 184 VICKY BARROWS urged reconsideration of the formula citing the affect of the lost funding to the Portland School District. 270 CHAIR JONES recessed the meeting at 10:20 and reconvened at 1:43 as a subcommittee. 289 WES SMITH urged the committee do whatever possible to assure that districts do not lose funds short of reducing a commitment to equity which he felt should be the ruling principal. He supported funding for quality programs in the higher spending school districts, noting lower school districts would like to offer those same opportunities to their students emphasizing money was not the only aspect of equality. TAPB 243 SIDE A 001 WES SMITH continued. 014 KEITH ROBINSON gave his perspective from what he termed as a "have not" school district where equity will play an important part in providing an education to the varied student makeup of the Woodburn School District. He favored the move to state dollars funding schools.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance June 13, 1991 Page 7 Questions and discussion 184 JANE AMES urged a phase-in or a buffer for wealthier school districts explaining that although the Portland School District is wealthier, because of its change from a small urban area to a larger urban area it has bigger problems. Questions and discussion 362 JOHN DANIELSON addressed educational policy decisions made by the 1991 Legislature including HB 3565 which he summarized as taking powers of local district board and placing them with the Board of Education. DANIELSON saw policy decisions as a pickup of state governance of education in the state because of the changing fiscal structure. DANIELSON continued the move was to place property tax dollars along with the county timber and federal forest receipts into a "local pot" which provides no local discretion for spending. A further policy decision includes how school districts spend their money. The most significant policy decision is the level of education accomplishment wanted in Oregon. Exhibit 10 TAPB 242 SIDE B 001 JOHN DANIELSON urged education equity not be less than current available in many districts in Oregon. 050 JOHN DANIELSON explained the cost differences in some school districts don't work well with the formula. He further commented the union high was not high enough in weighting and the elementary probably too high. DANIELSON urged holding large districts harmless and suggested a surtax during the transition. 240 JOHN DANIELSON in response to questions explained he did not have a problem with the formula, but with funding. He urged money be made available to fund schools properly. Questions and discussion 370 SENATOR SHIRLEY GOLD discussed her participation and support of SB 814 in relation to achieving equity. TAPE 243 SIDE B 001 SENATOR GOLD also urged districts be held harmless in 1992-93. Questions and discussion on the policy process during the Senate Revenue and School Finance deliberations on SB 814. 112 SENATOR GOLD continued there were three

factors as placeholders in the formula: cost of living, high mobility, and potential for

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 June 13, 1991 Page 8 districts with preKindergarten program. Questions and discussion 167 REP HOSTICKA questioned a \$40 million + plus shortfall in school funding available through the budgeting process. 178 CHAIR JONES directed members attention to a response to the formula by JOHN AUGENBLICK. Exhibit 11 200 CHAIR JONES confirmed a rumor that \$49.3 million which was put into the school distribution moneys was actually money that was supposed to be for the community colleges. The result was that the school funding formula was given \$49.3 million without any adjustment. Discussion 246 CHAIR JONES adjourned the meeting at 3:04.

Linda Leach, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Newspaper Article, Rep. Bill Markham, 6/13/91 - HB 324 0 2. Illustration - Riparian conifer tree requirement, Rep. Markham, 6/13/91 - HB 3240 3. Staff Measure Summary HB 3240A, House Committee on Agriculture, Forestry & Natural Resources, 6/13/91 - HB 3240 4. Fiscal Analysis, HB 3240A, LFO, 5/20/91 - HB 3240 5. Proposed Amendments HB 3213-A5, LRO, 6/13/91 - HB 3213 6. Proposed Amendments SB 814-A16, Ben Shellenburg, 6/12/91 SB 814 7. Testimony from Joe Simon, 6/13/91 - SB 814 8. Testimony from John Daggett, Ashland Public Schools, 6/13/91 - SB 814 9. Testimony from James Hager, 6/13/91 - SB 814 10. Testimony from John Danielson, 6/13/91 - SB 814 11. Testimony from John Augenblick, Education Commission of the States, 6/13/91 - SB 814 12. Testimony from Burnt River School District 30J, 1/24/91 - SB 814 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.