

Tapes 73-74, (A)
Public Hearing: SB 178
Work Session: SB 237
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE
March 13, 1991 1:00 PM Hearing Room A State Capitol Building
Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:40)
Senator John Brennehan (arrived 1:35)
Senator Shirley Gold (arrived 1:28)
Senator Ron Grensky (arrived 1:29)
Senator Bill McCoy
Members Excused: Senator Tricia Smith

Staff Present: Steve Meyer, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Jim Brown, Department of Revenue (DOR)
Dave Overstreet, GTE/Oregon Independent Telephone Association
Janet Neuman, Division of State Lands Steve Smith, Deputy State Treasurer
John Marshall, Oregon School Boards Association (OSB A)

TAPE 73. SIDE A

005 CHAIR CEASE called the meeting to order at 1:26 as a subcommittee until a quorum was reached at 1:29. Administrative Business was conducted.

PUBLIC HEARING - SB 178

025 JIM BROWN referred to printed testimony in support of SB 178. EXHIBIT 1

078 JIM BROWN presented the formulas that would be placed into statute for the companies in Exhibit 1.

095 CHAIR CEASE requested a mathematical picture for each formula.

098 JIM BROWN referred to Exhibit 1, Page 2 which depicts allocation methods for determining tax of the various western interstate corporations. Reference is made to formulas adopted by Western States Association of Tax Administrators (WSATA).

These minutes paraphrase and/or summarize statements made during this meetings. 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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125 Discussion and questions follow regarding the way Oregon determines allocation of taxes as compared to other states.

130 JIM BROWN continues addressing the corporations allocation methods listed in EXHIBIT 1.

168 Discussion and questions address airlines which are not listed in SB 178 .

183 STEVE MEYER requested the Committee's reaction to Section 2 of SB 178 which gives the DOR the option of using a formula other than what is being put in the bill.

192 JIM BROWN responded by giving an example of a long distance telephone company (Section 8, Page 3) which gives a three factor formula and not all data is available so the companies are allocated based on 100 percent unit

cost. That practice would continue under the option in Section 2 of SB 178.
228 DAVE OVERSTREET read prepared testimony opposed to SB 178. EXHIBIT 2
249 SEN. MCCOY asked what the litigation GTE would be involved in.
257 DAVE OVERSTREET responded the litigation would be over property tax
valuation. It was pointed out there would be no problem concerning the
formula factors.
269 CHAIR CEASE closed the hearing on SB 178.
WORK SESSION - SB
237
285 TERRY DRAKE reviewed that SB 237 allows the dividend earnings for the
Common School Fund to be reinvested rather than distributed to school
districts that the current law requires. Reference was made to a correction
in the revenue analysis. EXHIBIT 6
313 JANET NEWMAN addressed prepared testimony in favor of SB 237. EXHIBIT 3
340 JANET NEWMAN referred to concerns expressed by OSB A at the February 18,
1991 Public Hearing in the Senate Revenue Committee for SB 237. Meetings
have been held involving the Division of State Lands, the Treasury
Department and OSB A and there is now agreement in support of SB 237.
363 STEVE SMITH provided information on current stock investments of the
Common School Fund and their performance to date.
395 JOHN MARSHALL recapped the meeting between OSB A and Division of State
Lands and support the changes in SB 237. The change is in the best long
term use of the Common School Fund.

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TAPE 74 SIDE A

011 SEN. GRENSKY questioned how the dividend income is distributed which is
on an annual basis.
021 Discussion and questions follow regarding the management of the
dividends.
047 JANET NEWMAN clarified that dividends are regularly distributed to the
schools. There is a significant difference in the investment growth impact
of having the flexibility to reinvest.
058 TERRY DRAKE referred to the investment strategy is usually in a
conservative fund.
065 Discussion follows regarding the investment strategy of the Common
School Fund dividends.
073 MOTION SEN. MCCOY moved SB 237 to the floor with a do pass
recommendation.
080 VOTE In a roll call vote, the motion was adopted. (6-0)
AYES: Senators Grensky, McCoy, Brenneman, Gold, Dukes,
Cease. Senator Smith was excused.
086 SEN. MCCOY will carry SB 237 to the floor.
087 CHAIR CEASE adjourned the meeting at 2:01 P.M.

Mary Ann Zimmermann, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Written Testimony, DOR, 3/13/91 - SB 178
2. Written Testimony, GTE, 3/13/91 - SB 178
3. Written Testimony, Division of State Lands, 3/13/91 - SB 237

4. Revenue Analysis, LRO, 3/11/91 - SB 178

5. Fiscal Impact Assessment, Legislative Fiscal Office, 3/8/91 - SB 178

6. Revenue Analysis, LRO, 3/12/91 - SB 237

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