This week marks the end of week 18 of the Legislative Session. Below is a review of the week and attached is a calendar of relevant proceedings next week. As always, please don’t hesitate to reach out with any questions or concerns.

Week in Review

2017 Legislative Session: This week marked the final policy bill deadline with all policy committees essentially shutting down Friday. If a policy bill was not passed out, or sent to an open Committee (Rules, Ways and Means or a Joint Committee) the bill is dead for the 2017 Legislative Session. Noting that Sine Die is “imminent” both Chambers also announced that they would be moving to 1-hour notice rules which allows a Committee to post an agenda with only 1-hour notice.

Revenue & Budget
This week was also a significant week for both the revenue and budget discussions. The Education Subcommittee of Ways and Means passed out an $8.1B K-12 budget, an increase from previous estimates of $7.8B - $8.1B. This sends a strong signal that budgets will begin to move quickly without relying on any new revenue/cost savings and will allow any additional savings or revenue to be dispersed through a final ‘christmas tree’/catch all budget bill.

Patrick Criteser, CEO of Tillamook County Creamery Association and Chair of “Brighter Oregon” business coalition addressed the Joint Tax Reform Committee. This is significant as it’s the first feedback the Committee has received from a business association to-date. Criteser offered policy recommendations to rein in state spending and noted that tax reform could not be done before Sine Die and rather the Legislature should form an interim Committee to discuss the State’s tax structure further. He took some criticism from members of the Committee, frustrated with what they called “a vague set of policy preferences” so late in the Session. During the question and answer period, Rep. Mark Johnson-R from Hood River asked whether businesses response to a gross receipts tax was not necessarily “No” but “Not Yet” and Criteser responded “Yes.”
Public Employee Unions and the Oregon Education Association (OEA) announced they would be filing three ballot measures this week:

**Gross Receipts Tax***
- Proposed 0.95% gross receipts tax on sales over $5 million
- Estimated to raise $1.75 billion a year
- BM 97 was a 2.5% gross receipts tax on sales over $25 million
- *This measure has not yet been filed

**Simple Majority Tax Initiative**
- Eliminate the 3/5 super majority vote requirement for a tax increase until the Legislature funds K-12 at the Quality Education Model (for 2017-19 this figure would have been $9.97B)

**Corporate Disclosure Initiative**
- Applies to all publicly traded corporations
- Required to disclose taxable income, subtractions/additions claimed, apportionment percentage used, net operating loss deduction, Oregon taxable income, Total tax liability before credits, total tax due, total property or real estate income in Oregon, total wages and compensation in Oregon and total sales in Oregon
- Would be posted in an online database accessible by the public
- Provides penalties of .25% of the corporation’s gross receipts in Oregon for failure to comply with the law not to exceed $1M annually

**Transportation Plan**
This week we saw the first bill draft for the Transportation package that Legislators and stakeholders have spent the last few months developing. The 298-page bill proposes a $8.2B transportation infrastructure spending package. The package includes:

- Statewide gas tax increase from 30-cents to 44-cents
  - $.06 next year and $.02 every other year through 2026
- 9-cent gas tax and $15 vehicle registration fee in the Portland metro area
- Vehicle registration fee increases, with higher fees for fuel-efficient cars and electric vehicles
  - Registration fee would increase by $15
  - Electric vehicle registration fee of $100
  - For 2020-21, an additional fee would be levied based on a vehicle’s mileage: $15 for vehicles getting 0-19 miles per gallon; $25 for those at 20-49 mpg; $35 for those getting more than 40 mpg; and $105 for electric vehicles. Those tiered fees each would increase by $5 every two years through 2025.
- 0.1% employer payroll tax to pay for public transit projects
- 3% tax on new bicycle sales on bikes over $500
- 0.75% tax on new and used vehicle sales

The state would also be instructed to seek federal permission to install tolls on Interstate 205 and Interstate 5 at the Washington border and large cities would have to salt at least 25 percent of their roads if more than 2 inches of snow falls over a 12-hour period.
The Joint Transportation Committee will hold a series of public hearings Monday - Wednesday evening with tentative plans to schedule a work session on the measure sometime the week of June 12-16. There are proposed changes to the Connect Oregon funding that OWGL is reviewing with ORULE.

**ODA Budget**

**SB 5502 & SB 5503 – ODA Budget & Fee Ratification Bills**

SB 5502 is the ODA budget bill. Allocates $118,159,759 Total Funds to the Department ($23,323,697 General Fund, $8,335,362 Lottery Funds, $68,659,516 Other Funds, and $17,841,184 Federal Funds) and 490 positions (371.46 FTE). SB 5502 also eliminates 48 long term vacant positions. View the full LFO memo: [http://docdro.id/6gSVKzk](http://docdro.id/6gSVKzk).

SB 5503 is the fee ratification measure for fees adopted or adjusted during the 2015-17 biennium that were not authorized in the 2015-17 legislatively approved budget for the Department of Agriculture. View the full LFO memo: [http://docdro.id/FT8HuVX](http://docdro.id/FT8HuVX).

**ACTION:** The Joint Subcommittee on Natural Resources returned SB 5502 and SB 5003 to the Full Joint Committee on Ways and Means, with a Do Pass recommendation. Representatives Esquivel and Lewis voted no on SB 5502.

**Employment/Labor Bills**

**SB 299 – Sick Leave Fix Bill**

SB 299 does the following: (1) Clarifies that employer may limit employee to accruing 40 hours of sick time per year; (2) Clarifies employer may adopt policy limiting employee to accruing no more than 80 hours sick time in total and using no more than 40 hours in a year; (3) Excludes certain individuals from count of employees; (4) Modifies rate of pay for accrued sick leave for employees paid on piece-rate or commission basis; (5) Provides that employer's time off policy need not comply with sick time requirements beyond first 40 hours that employer's policy provides per year; (6) Applies to hour worked and sick time accrued or used after January 1, 2018. The -4 amendment defines "substantial ownership interest" as at least 15% of ownership for purpose of determining who is an employee. Oregon Farm Bureau, BOLI and Associated General Contractors testified in support of the bill and the -4 amendment. Family Forward testified as “neutral,” but said they had some concerns over: temporary locations in Portland city limits; exemption for LLC owners and family members; piece-rate employees and wages due for sick time; and limitations on equivalent PTO policies. Chair Holvey acknowledged that he had shared concerns over: temporary locations in Portland city limits; exemption for LLC owners and family members; piece-rate employees and wages due for sick time; and limitations on equivalent PTO policies. Chair Holvey acknowledged that he had shared concerns over: temporary locations in Portland city limits; exemption for LLC owners and family members; piece-rate employees and wages due for sick time; and limitations on equivalent PTO policies. Chair Holvey acknowledged that he had shared concerns over: temporary locations in Portland city limits; exemption for LLC owners and family members; piece-rate employees and wages due for sick time; and limitations on equivalent PTO policies. 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**ACTION:** The House Business & Labor Committee adopted the -4 amendment and unanimously passed the bill to the Floor.

**HB 2567 – Oregon WARN Act**
Requires employers with 100 or more employees to provide 60 days' notice to employees and certain officials before ceasing operations, relocating or ordering mass layoff involving 50 or more employees.

**Action:** Died under second chamber deadline.

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