

**WORK SESSION: SB 2, HB 2248, HJR 59-A, HB 2375**

**PUBLIC HEARING & WORK SESSION:**

**HB 3606, HB 2199-A-A**

**PUBLIC HEARING: HB 2817-A**

**TAPES 197, 198 A/B**

## **HOUSE REVENUE COMMITTEE**

**MAY 21, 1999 ñ 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Members Excused: Rep. Deborah Kafoury

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Captain Greg Willeford, Oregon State Police

Ann Crook, Oregon Dept. of Transportation

Grace Crunican, Oregon Dept. of Transportation

Roger Martin, Alaska Airlines, Air Transportation Association

Keith Leavitt, Port of Portland

Betsy Johnson, Oregon Pilots Association

Michael Flannery, Pope & Talbot

Jack M. Isaac, Pope & Talbot

Patricia Whittington, Pope & Talbot

Rep. Vicki Walker, District 41

Rep. Floyd Prozanski, District 40

Hasina Squires, Special Districts Association

Lynn McNamara, League of Oregon Cities

Art Fish, Oregon Economic Development Department

**TAPE 197, SIDE A**

008      Chair Strobeck      Called meeting to order at 8:30 a.m. Requests to suspend rules to reconsider HJR 59-A2 amendments which limit functions allowable for state police to patrol activities.

**WORK SESSION -- HJR 59-A**

022      Rep. Williams      **MOTION TO SUSPEND THE RULES TO RECONSIDER THE VOTE ON HJR 59-A.**

024      Chair Strobeck      **ASKED FOR ANY OBJECTIONS TO SUSPENDING RULES TO RECONSIDER THE VOTE ON HJR 59-A. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**

045      Rep. Rosenbaum      Is it true that voters rejected this resolution in 1992?

050      Capt. Greg Willeford      There was a referral in 1991 to voters to return state police patrol function to trust fund. The resolution was tied to surcharges and increases in registration fees, and was defeated. HJR 59-A is narrower and is not tied to any increases in companion legislation.

062      Rep. Williams      **MOVED A2 AMENDMENTS TO HJR 59 BE ADOPTED.**

064      Chair Strobeck      **ASKED FOR ANY OBJECTIONS TO MOVING A2 AMENDMENTS INTO HJR 59. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**

065 Rep. Williams **MOTION: MOVED HJR 59, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

068 **VOTE** **ROLL CALL VOTE: MOTION PASSES 6-1-2**  
**REPRESENTATIVES VOTING AYE: MERKLEY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK**  
**REPRESENTATIVES VOTING NAY: ROSENBAUM**  
**REPRESENTATIVES EXCUSED: KAFOURY, SHETTERLY**  
**REP. RASMUSSEN WILL CARRY THE BILL.**

080 Chair Strobeck Closed work session on HJR 59-A. Opened public hearing on HB 2199-A.

**PUBLIC HEARING n HB 2199-A**

096 Richard Yates Reviewed HB 2199-A. Increases aviation fuel tax rate 3 cents on the effective date and by an additional 3 cents on July 1, 2000 (**EXHIBIT 2**). Money will be used by Oregon Dept. of Transportation to pave areas used as airplane taxis or parking.

110 Ann Crook Spoke in support of the measure. See written testimony (**EXHIBIT 3**). Bill is important for economic development of small communities. Airport system is funded by local revenues and by aviation user fees. There has been no Oregon aviation fuel increase since 1977. Program will provide efficient, fair process for maintaining airport pavements statewide. Oregon Dept. of Revenue (ODOT) has compiled a list of priority projects. Aviation users want to pay these fees to support their system. Rates are a result of a group working together. This was a compromise.  
  
Questions and discussion.

181 Grace Crunican Answered questions concerning increase. Will provide committee with a list of projects by priority.

230 Roger Martin Air Transportation Association has concerns about this bill. Jet fuel tax already raises \$800,000 per year. The 3-cent tax will raise an additional \$150,000. Whose responsibility is it to pay for costs for state of Oregon? 95% of all commercial air traffic comes into Portland International Airport. Portland International Airport is capable of extracting all the money it needs to pay for runways, terminals, etc. This bill is for the other airports. Like motorists, airlines purchase fuel at the location where cost is lower. Because Oregon doesn't have an oil refinery, it pays higher fuel costs. If HB 2199 passes, airlines will bypass Oregon and go elsewhere.

Air Transportation Association is also concerned about SB 108, which would create a Department of Aviation.

378	Keith Leavitt	Spoke in support of the measure on behalf of Port of Portland. This bill is a reasonable compromise.
394	Betsy Johnson	Spoke in support of the measure on behalf of Oregon Pilots Association. In response to Mr. Martin's comments, SB 108 anticipates a gubernatorial appointment of the board.
414	Chair Strobeck	Closed public hearing on HB 2199-A. Opened work session, HB 2199-A.

**WORK SESSION n HB 2199-A**

416	Vice Chair Rasmussen	<b>MOTION: MOVED HB 2199-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.</b>
428	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION PASSES 7-1-1</b>  <b>REPRESENTATIVES VOTING AYE: MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK</b>  <b>REPRESENTATIVES VOTING NAY: WITT</b>  <b>REPRESENTATIVES EXCUSED: KAFOURY</b>  <b>REP. LEHMAN WILL CARRY THE BILL.</b>

445	Chair Strobeck	Closed work session on HB 2199-A. Opened public hearing on HB 3606.
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**PUBLIC HEARING n HB 3606**

**TAPE 198, SIDE A**

020	Jack McIsaac	Introduced panel from Pope & Talbot.
027	Michael Flannery	Spoke in support of the measure. See written testimony <b>(EXHIBIT 5)</b> . Introduction  What does the Bill do?  Pope & Talbot spends substantial amounts on pollution control.
050	Flannery	History of the Credits.  Problem: Credits may be unusable in the low period of the business cycle.  The Cluster Rules: Comply or shut down by 2001.  Revenue Neutrality: Jobs and tax revenues would be lost if the Halsey mill were shut

down.

101 Flannery Conclusion.

157 Chair Strobeck Closed public hearing on HB 3606. Opened work session on HB 3606.

**WORK SESSION n HB 3606**

158 Rep. Witt **MOTION: MOVED HB 3606 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

160 Rep. Merkley Asked for review of Revenue Impact. Follow-up questions.

171 Ed Waters Reviewed Revenue Impact (**EXHIBIT 6**). Expands taxpayers allowed to take the pollution control tax credit to include either the lessee, lessor or contract purchaser of a pulp, paper or paperboard facility. Credit has a sunset.

Questions and discussion.

201 Rep. Welsh Will support bill.

223 Rep. Witt Will support bill.

238 **VOTE** **ROLL CALL VOTE: MOTION PASSES 8-0-1**

**REPRESENTATIVES VOTING AYE: MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK**

**REPRESENTATIVES EXCUSED: KAFOURY**

**REP. WELSH WILL CARRY THE BILL.**

247 Chair Strobeck Closed work session on HB 3606. Opened public hearing on HB 2817-A.

**PUBLIC HEARING n HB 2817-A**

260 Rep. Prozanski Spoke in support of the measure. Gave brief history of bill. Revenue Impact Statement (**EXHIBIT 8**) is contrary to the amended bill. It includes removal of heating oil tank from the ground. HB 2817-3 amendments (**EXHIBIT 9**) limit HB 2817 to tax credit on basis of disposing of contaminated waste from a leaking oil tank. In addition, A-Engrossed bill shows tax credit on prorated basis. Believes this is appropriate so most needy individuals

will receive assistance.

- 298 Rep. Prozanski Proposed a second amendment on page 2, lines 13-19, Currently there is a 14-year carry-forward. Amendment would limit it to five years.
- 314 Rep. Prozanski Directed members attention to letter from Staton Companies (**EXHIBIT 10**) in support of legislation. Discussed extent of need to remove leaky heating oil tanks. Bill provides incentive for individuals to take steps necessary to remove home heating oil tanks. If, in doing so, they determine there is on-site contamination, they would be able to complete the project without devastating their property and pocketbook.
- 411 Rep. Walker Spoke in support of the measure. This bill is important to State of Oregon.
- There are 150,000 abandoned heating oil tanks in Oregon. It is not known how many are leaking. Owners incur significant costs to clean it up. Oil Heat Commission was enacted to help offset costs. Commission didn't do its job and may be eliminated.

#### **TAPE 197, SIDE B**

- 034 Rep. Prozanski Discussed HB 2817-2 amendments (**EXHIBIT 11**). Would require those doing cleanup work to be certified by Dept. of Environmental Quality. Does not support or oppose. Asked committee to allow himself and Rep. Walker to submit another amendment for a five-year carry-forward cap.
- 061 Chair Strobeck Questions about HB 2817's amendments. Clarified whether committee could choose to pursue A-Engrossed bill or amend original bill. Asked staff to prepare revenue impact for HB 2817's amendments. Requested sponsors combine amendments into a new amendment.
- 110 Rep. Merkley Asked how 's amendments to clean up soil would reduce costs.
- 115 Rep. Prozanski A vast number of tanks are not leaking. If credit is only for removal, the revenue impact will be over \$4 million. Limiting it to removal of contaminated soil reduces cost.
- 148 Chair Strobeck Closed public hearing on HB 2817-A. Opened work session on SB 2.

#### **WORK SESSION n SB 2**

- 167 Chair Strobeck Referred to letter from Douglas Wilson, Office of Human Resources (**EXHIBIT 12**), in regard to Temporary Assistance to Needy Families (TANF).

175	Ed Waters	Directed members' attention to Revenue Impact for SB 2-2 amendments ( <b>EXHIBIT 13</b> ).
185	Rep. Rosenbaum	<b>MOVED -2 AMENDMENTS TO SB 2 BE ADOPTED.</b>
200	Waters	Explained difference in revenue impact for original bill and ñ2 amendments.
218	Rep. Rosenbaum	Intent of ñ2 amendments is to make the existing credit more meaningful for people at the lower income scale. Intent is to help people getting off welfare.
254	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION PASSES 6-2-1</b>  <b>REPRESENTATIVES VOTING AYE: MERKLEY, ROSENBAUM, SHETTERLY, WILLIAMS, WITT, VICE CHAIR RASMUSSEN</b>  <b>REPRESENTATIVES VOTING NAY: WELSH, CHAIR STROBECK</b>  <b>REPRESENTATIVES EXCUSED: KAFOURY</b>
265	Rep. Witt	<b>MOVED -1 AMENDMENTS TO SB 2 BE ADOPTED.</b>
272	Rep. Witt	Explained ñ1 amendments. Provided tax relief for parents who decide to stay home and raise their children.
291	Rep. Shetterly	Will oppose ñ1 amendments.
317	Rep. Merkley	Will oppose ñ1 amendments. Concerned with lines 12-14. Does not treat families equally.
350	Chair Strobeck	There is value in both approaches: getting mothers off welfare to work and helping parents stay home.
363	Rep. Witt	This bill allows parents to make the choice that they believe is right for their children. Does not understand why people would support ñ2 amendments but not ñ1 amendments.
387	<b>VOTE</b>	<b>ROLL CALL VOTE: MOTION FAILS 4-4-1</b>  <b>REPRESENTATIVES VOTING AYE: WELSH, WILLIAMS, WITT, CHAIR STROBECK</b>  <b>REPRESENTATIVES VOTING NAY: MERKLEY, ROSENBAUM, SHETTERLY,</b>

**VICE CHAIR RASMUSSEN**

**REPRESENTATIVES EXCUSED: KAFOURY**

403 Vice Chair Rasmussen **MOTION: MOVED SB 2, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

407 Rep. Witt Will oppose bill. Without ñ1 amendments, bill is bad public policy.

411 Rep. Rosenbaum Will support bill.

418 Chair Strobeck Concurred with Rep. Witt's comments. Will not support bill.

444 Rep. Welsh Will not support bill. This reverses trend away from welfare reform.

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**TAPE 198, SIDE B**

028 Rep. Witt Does not like unbalanced policy that favors low income parents going into work force and penalizes them for staying home with their children.

035 **VOTE** **ROLL CALL VOTE: MOTION PASSES 5-3-1**

**REPRESENTATIVES VOTING AYE: MERKLEY, ROSENBAUM, SHETTERLY, WILLIAMS, VICE CHAIR RASMUSSEN**

**REPRESENTATIVES VOTING NAY: WELSH, WITT, STROBECK**

**REPRESENTATIVES EXCUSED: KAFOURY**

**REP. ROSENBAUM WILL CARRY THE BILL.**

045 Chair Strobeck Closed work session on SB 2. Opened work session on HB 2248-A.

**WORK SESSION ñ HB 2248-A**

066 Chair Strobeck **MOTION TO SUSPEND THE RULES TO RECONSIDER THE VOTE BY WHICH THE COMMITTEE PASSED HB 2248-A. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**



070	Martin-Mahar	Reviewed HB 2248-A10 amendments ( <b>EXHIBIT 16</b> ). Deals with how to allocate first 30% of \$1 million in corporate income and excise taxes paid by corporations that get long-term investment credit. See line 15. Issue is whether to consider just taxing districts within code area where facility is located, or to also consider sponsor of enterprise zone.
109	Hasina Squires	This is a policy issue. ñA10 amendment was intended to address property tax revenue that was taken off the rolls when the enterprise zone was created. Some of those were special district property tax revenues. Discrepancy whether this 30% should be returned to districts that didn't lose any property tax revenue.
124	Lynn McNamara	League of Oregon Cities supports concept of ñA10 amendments.
141	Art Fish	Two issues: Sponsor means collectivity of a county and a group of cities. Also, distribution of 30% of the excise taxes would occur only if the Governor also approved the credits. With ñA10 amendments, sponsors would still be included.
191	Rep. Witt	<b>MOVED ñA10 AMENDMENTS TO HB 2248-A BE ADOPTED.</b>
193	Martin-Mahar	Suggested conceptual amendment to define school district, insert on line 22, "education service district or community college".
201	Chair Strobeck	<b>MOTION TO SUSPEND RULES TO CONSIDER CONCEPTUAL AMENDMENT. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
205	Chair Strobeck	<b>ASKED FOR ANY OBJECTIONS TO INSERTING A CONCEPTUAL AMENDMENT INTO HB 2248-A, LINE 22: "EDUCATION SERVICE DISTRICT OR COMMUNITY COLLEGE". HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
211	Chair Strobeck	<b>ASKED FOR ANY DISCUSSION OR OBJECTIONS ON THE MOTION TO MOVE ñA10 AMENDMENTS INTO HB 2248-A. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.</b>
213	Rep. Witt	<b>MOTION: MOVED HB 2248-A10, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.</b>
215	Chair Strobeck	<b>HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. SHETTERLY WILL CARRY THE BILL.</b>  <b>REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR</b>

**STROBECK**

218 Chair Strobeck Closed work session on HB 2248-A. Opened work session on HB 2375.

**WORK SESSION n HB 2375**

222 Lizbeth Martin-Mahar Reviewed HB 2375 (*See May 6, exhibit 10*). See Revenue Impact of Proposed Legislation (**EXHIBIT 18**). Cancels the additional tax resulting from disqualification of specially assessed forestland, etc. No significant revenue impact.

241 Chair Strobeck **MOVED -3 AMENDMENTS TO HB 2375 BE ADOPTED. HEARING NO OBJECTIONS, CHAIR SO ORDERED.**

244 Rep. Williams **MOTION: MOVED HB 2375-A, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

246 Chair Strobeck **HEARING NO OBJECTIONS, CHAIR SO ORDERED. REP. WILLIAMS WILL CARRY THE BILL.**

**MEMBERS PRESENT: MERKLEY, ROSENBAUM, WELSH, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK**

**MEMBERS EXCUSED: KAFOURY, WELSH, WITT**

250 Chair Strobeck Closed work session on HB 2375. Adjourned meeting at 10:15 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

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1. HJR 59, Yates, Proposed Amendments to A-Engrossed House Joint Resolution 59 (HJR 59-A2, 1 p.
2. HB 2199, Yates, Revenue Impact of Proposed Legislation for HB 2199-A, 1 p.

3. HB 2199, Yates, Staff Measure Summary, 1 p.
4. HB 3606, Flannery, Pope & Talbot Inc., Testimony of Michael Flannery, 5 pp.
5. HB 3606, Waters, Revenue Impact of Proposed Legislation for HB 3606 (revised), 1 p.
6. HB 3606, Waters, Fiscal Analysis of Proposed Legislation, 1 p.
7. HB 2817, Waters, Revenue Impact of Proposed Legislation for HB 2817-A, 1 p.
8. HB 2817, Waters, Proposed Amendments to House Bill 2817 (HB 2817-3), 2 pp.
9. HB 2817, Waters, Stanton Companies, testimony RE: HB 2817, Tax Credit for heating oil tank removal, cleanups, 4 pp.
10. HB 2817, Walker, Proposed Amendments to House Bill 2817 (HB 2817-2), 1 p.
11. SB 2, Waters, Department of Human Resources, letter to committee chairs from Douglas S. Wilson, 3 pp.
12. SB 2, Waters, Revenue Impact of Proposed Legislation for SB 2-2, 1 p.
13. SB 2, Waters, Proposed Amendments to Senate Bill 2 (SB 2-2), 2 pp.
14. SB 2, Waters, Proposed Amendments to Senate Bill 2 (SB 2-1), 2 pp.
15. SB 2, Shoemaker, Oregon Student Association, Testimony to House Revenue Committee, 1 p.
16. HB 2248, Witt, Proposed Amendments to A-Engrossed House Bill 2248 (HB 2248-A10), 2 pp.
17. HB 2248, Martin-Mahar, Revenue Impact of Proposed Legislation for HB 2248-A10, 2 pp.
18. HB 2375, Martin-Mahar Revenue Impact of Proposed Legislation for HB 2375-3, 1 p.
19. Informational, Waters, Memo from Jon Yunker, Oregon Dept. of Administrative Services, 8 pp.