

## CONFERENCE COMMITTEE ON SB 2

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JUNE 23, 1999 ñ 9:00 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Senator Randy Miller, Chair

Senator Joan Dukes

Senator Tom Hartung

Senator Charles Starr

Senator Thomas Wilde

Representative Ken Strobeck

Representative Diane Rosenbaum

Representative Jim Welsh

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

### TAPE 001, SIDE A

004      Chair Miller              Meeting called to order at 9:03 a.m.

WORK SESSION ON SB 2 A-ENG.

006      Chair Miller              \*"It is my understanding that to reconcile differences the House is willing to reconsider the A-Eng. measure passed by the House and accept the Senate version with the addition of the (-A3) amendment." (Exhibit 1)

014	Chair Strobeck	Spoke to the (-A3) amendment. *The (-A3) amendment would amend the Senate version of the bill. The (-A3) amendment is a rewrite of a bill (HB 3450) that was introduced by Representatives Schrader and Lokan. The (-A3) amendment would allow a tax credit for working parents who choose to leave the work force and stay home with their child(ren), if they meet the required income tests. The (-A3) amendment seemed to offer a balance between offering a tax credit for parents who choose to go to work and use child care and for parents who choose to leave work and stay home to care for their child(ren)." (Exhibit 1)
030	Chair Strobeck	MOTION: MOVED (-A3) AMENDMENT TO SB 2 BE ADOPTED.
032	Rep. Rosenbaum	*"This proposal was extensively discussed in the House Revenue Committee and did not have enough support. There is merit to proposals like this, but we are not in an unlimited spending environment and it would be a fairly costly proposal. The other concern was although there is an income threshold to qualify for the credit the (-A3) amendment lacks an income threshold of what the family income could have been prior to leaving the workforce. Will be in opposition to the motion."
047	Sen. Hartung	Does the (-A3) amendment provide for those that don't meet the \$35,000 federal adjusted gross income level requirement?
051	Chair Strobeck	No, the (-A3) amendment does not have a refundable provision.
053	Sen. Hartung	Did the House Committee discuss the refundable portion?
054	Chair Strobeck	Yes, reviewed the House Committee discussion. *Two amendments were proposed; an amendment for a refundable credit and an amendment for a stay-at-home credit. It was my expectation that both amendments would be adopted. The Committee adopted only the refundable amendment."
062	Sen. Hartung	*"The Senate Committee did not send out the refundable portion, which I favor, but it does cost money and we do not have unlimited resources. What is the revenue impact difference between the (-A3) amendment and the refundable part?"
070	Rep. Rosenbaum	*"The refundable form of the measure lowered the cost of the Senate version." (Exhibit 4)
078	Sen. Hartung	*"What is the cost of the (-A3) amendment, as it relates to the refundable version?"

081	Chair Miller	"Although I appreciate the discussion, Sen. Hartung, I would want to share with you that the version you are referring to would not pass the Senate or have the support the principal sponsor."
084	Sen. Hartung	Concurred, but would like to proceed with the discussion.
087	Ed Waters	Discussed the revenue impact statement for the (-A3) amendment, which amends the working family child care credit and creates a non-refundable Oregon personal income tax credit stay-at-home parents. (Exhibit 2)
117	Sen. Dukes	Why is the stay-at-home credit only for married people, why can't a single parent, with outside income that would allow them to stay at home with a child, qualify for this credit?
135	Waters	*"That was a policy decision made by the sponsors of HB 3450; the amendments were originally drafted for that bill. It was not a point of discussion in the House Revenue Committee when HB 3450 was heard."
143	Sen. Dukes	Commented that it is not a fair representation of the needs of Oregonians.
148	Sen. Starr	Reviewed the revenue impact and cost per biennium, (Exhibit 2). This is an important policy decision and I can support the amendment, (Exhibit 1).
163	Chair Miller	Did the House discuss expanding the credit to single parents; was it specifically rejected, was it discussed or is there a substantial revenue impact?
168	Chair Strobeck	*"Does not remember if that was discussed. The intent of the sponsors for HB 3450 was to benefit families who chose to have one person leave the workforce to stay home with the child(ren)."
176	Rep. Rosenbaum	*"Doesn't recall that the issue was raised."
178	Sen. Dukes	*"The child care credit is an expansion of what currently is available and single parents qualify under the current law. The (-A3) amendment brings in a new tax credit, which is for married couples, living together and one of the spouses chooses not to work and stay home with the child(ren) through the age of 13, (Exhibit 1). This was not an issue of discussion in either the House or Senate. That raises the parliamentary issue of conference committees being allowed to discuss only issues that were before the

chambers; this was not an issue before either chamber."

- 191 Chair Strobeck \*"It absolutely was, a hearing was held on the bill with extensive discussion."
- 192 Sen. Dukes \*"I believe it is more narrowly defined as in the bill that was before the Chambers. A ěgut and stuff, for example, cannot be done in a conference committee. An issue that was not dealt with in the bill when it was before either the House or Senate cannot be taken up in a conference committee. That is thrown out as something that probably needs to be verified before move forward."
- 200 Chair Strobeck \*"This was an amendment drafted by Legislative Counsel and could have easily been part of SB 2; it happened that it did not have a majority of the votes in the House Revenue Committee. I feel it is perfectly appropriate and fits in with the relating clause."
- 205 Chair Miller \*"Ruled that the (-A3) amendment is appropriate and if there is a further challenge then the Sen. President can make a ruling."
- 207 Rep. Welsh \*"There was testimony in House Revenue and the amendment was before us and discussed."

Questioned whether the credit in the bill is refundable or nonrefundable.

- 217 Waters \*"SB 2 (-A3), as amended, would be a non-refundable credit with the expanded income eligibility added by the original Senate bill. It would also add in the credit for stay-at-home parents. Both credits would be non-refundable."
- 224 Rep. Welsh \*"The child care credit also would be non-refundable?"
- 227 Waters Concurred.
- 241 Rep. Rosenbaum \*"Point of clarification; does this amendment also go back to the Senate version of the bill, in terms of the refundability?"
- 243 Chair Miller Clarified the original Senate measure was non-refundable, and yes it reverts to the non-refundability present in the original Senate measure.

244	Rep. Rosenbaum	<p>Spoke to issues of consideration:</p> <ul style="list-style-type: none"> <li>• Cuts in Human Resources are contemplated to the budget and it is important to maintain Oregon's eligibility for federal assistance.</li> <li>• If a credit is made refundable it can count towards "maintenance of effort", which would make Oregon eligible for programs like Temporary Assistance to Needy Families (TANF).</li> <li>• Drew analogies of other tax credits that have been expanded on the House side and the precedence in making a benefit available to all, even if income is not high enough to be eligible for a tax benefit made available to others.</li> </ul> <p>*"The intent of the 1997 legislation that created this credit was to allow families working at minimum wage or slightly above to realize the full benefit of this as a 40% credit. The (-A3) amendment would structure the bill to expand it to people making more money, but do nothing for those people that are struggling to make the transition."</p>
289	Sen. Dukes	Is \$3,500 the maximum credit for the (-A3) amendment, (Exhibit 1)?
294	Waters	Yes, for the stay-at-home parent component. Referenced the revenue impact statement and noted that, in general, the actual credit is going to be lower than that because it is calculated as a percentage of income, (Exhibit 2).
309	Sen. Dukes	*"I am going to assume that the reason we are considering the (-A3) amendment is because we want to keep families whole and we want parents to spend time with child(ren)." Spoke to the availability of excellent after-school child care for less than the proposed maximum credit and questioned the wisdom of the State paying/subsidizing parents to stay home with their child(ren) with no requirement on how the money is invested.
332	Rep. Rosenbaum	"Is there anything to prevent someone from taking advantage of this tax credit and then going to school or doing something else that would take them out of the home and away from the child(ren)? I don't see a requirement that the person stay at home with their child(ren); the eligibility requirements state only that the parent must not be employed."
344	Waters	*"There is no provision addressing that point specifically; other than the provision that the non-working spouse cannot be employed."
352	Chair Strobeck	*"The intent of the original sponsors (HB 3450) was that if a parent has been in the workforce and wants to stay home with the child(ren), this helps offset a portion of the loss income."

368	Chair Miller	Spoke to the current economy and his belief that relief should be given to the taxpayer.
383	VOTE	<p>ROLL CALL VOTE: MOTION PASSED 5-3-0</p> <p>MEMBERS VOTING AYE: REPRESENTATIVES WELSH, STROBECK; SENATORS STARR, WILDE, CHAIR MILLER</p> <p>MEMBERS VOTING NAY: REPRESENTATIVE ROSENBAUM; SENATOR DUKES, HARTUNG</p> <p>MOTION TO ADOPT THE (-A3) AMENDMENT CARRIED</p>
393	Sen. Hartung	Vote explanation: *"I like this bill because it offers the potential of encouraging greater parental attention to child(ren), but it doesn't go to the area where it is needed the most. In this particular case we should go one step further then returning taxpayers money and refund some tax monies that others have paid to people that would eligible. That is why I voted no."
405	Sen. Dukes	Vote explanation: *"Three years ago when this was begun I thought we were trying to help low income people with their child care costs so that they could go back into the employment arena; now we are actually trying to get people out of the employment arena. We've taken off on a new track . . . (unintelligible)."
414	Chair Strobeck	Vote explanation: Read the Senate staff measure summary, <i>what the bill does</i> section. (Exhibit 4) *"I think we are helping those people who choose a child care route going into the workforce, but we, are also saying that is not the only policy that we as a State, thinks has validity. There is value in parents choosing to stay home and raise their own child(ren)."
426	Rep. Rosenbaum	Vote explanation: *"I think it would have been great if we could have done everything that was presented in all of the versions of the measure. Unfortunately I think it is quite likely that we will now end up with a version of the bill that may not become law and we will end up helping nobody."
436	Staff	Distributed alternative scenarios comparing the original version of SB 2 and the A-Eng. measure. (Exhibit 3)
437	Chair Miller	MOTION: MOVED THAT THE AMENDED HOUSE BILL BE SENT BACK TO THE RESPECTIVE CHAMBERS TO BE REPASSED.

440 Chair Strobeck Advised the Chair that it is the Senate bill under consideration.

440 Chair Miller AMENDED MOTION: MOVED THAT SB 2, AS AMENDED BY THE (-A3) AMENDMENT BE SENT BACK TO THE RESPECTIVE CHAMBERS TO BE REPASSED.

445 VOTE ROLL CALL VOTE: MOTION PASSED 6-2-0

MEMBERS VOTING AYE: REPRESENTATIVES WELSH, STROBECK; SENATORS HARTUNG, STARR, WILDE, CHAIR MILLER

MEMBERS VOTING NAY: REPRESENTATIVE ROSENBAUM; SENATOR DUKES

456 Chair Miller Meeting adjourned at 9:34 a.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 2, Waters, SB 2 (-A2) amendment, (DJ/ps) 06/22/99, 2 pages
2. SB 2, Waters, SB 2 (-A3) Revenue impact statement, 1 page
3. SB 2, Waters, Alternatives flow chart, 1 page
4. SB 2, Waters, House and Senate staff measure summaries, Revenue impact SB 2 and SB 2 A-Eng., 4 pages

\*Not verbatim.