

Work Sessions on B2058,  
HB 2349, HB 2441, HB 2442  
Tapes 16-17 A/B  
18 A

HOUSE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON INCOME  
TAXATION

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FEBRUARY 4, 1993 8:00 AM HEARING ROOM C STATE CAPITOL  
BUILDING

-  
Members Present: Representative John Schoon, Chair  
Representative Ron Adams  
Representative Tony Federici  
Representative Delna Jones, Ex Officio  
Representative Gail Shibley  
Representative Greg Walden

Witnesses Present: Don O'Meara, Department of Revenue (DOR)  
Leonard Powers, Oregon Society of Certified Public Accountants (OSCPA)  
Gary Carlson, Associated of Oregon Industries (AOI)  
Donna Fausner, Hyster Yale  
Leonard Hamilton, Department of Revenue  
Mark Skoglund, Oregon Society of Certified Public Accountants (OSCPA)  
Joe Misek, Department of Forestry (DOF)  
Wallace Rutledge, Department of Forestry  
Julie Brandis, Oregon Small Woodlands Assoc.

Staff: Richard Yates, Legislative Revenue Office  
Mary Gottlieb, Committee Assistant

TAPE 016 SIDE A

001 REP. SHIBLEY, Acting Chair, called the meeting to order at 8:10 a.m.  
013 REP. SHIBLEY opened the work session on HB 2058.  
018 DICK YATES introduced Amendment 1' Exhibit 1; Amendment 2, Exhibit 2;  
Amendment 3, Exhibit 3; Amendment 4, Exhibit 4; Amendment 5, Exhibit 5,  
Amendment 6, Exhibit 6. The committee looked at all the amendments.  
Questions and discussion.  
098 REP. SHIBLEY invited DON O'MEARA to testify.  
106 DON O'MEARA related that the DOR was in agreement with the changes.

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Questions and discussion.

123 DICK YATES went on to voice a concern about the final application date of the bill.  
164 DICK YATES deemed Amendment 3 irrelevant, and stated that Amendment 4 would amend Section 43.

Questions and discussion.

261 MARK SKOGLUND responded to a question from REP. SHIBLEY whether to change or keep the portion of the bill that would require companies to pay the full amount of the tax due on capital gains in the year that they leave the state by stating that the state should conform with the federal law.  
Questions and discussion.

360 DICK YATES discussed Amendment 5 which is a rewrite of Section 35, adding 35a and 35b to clarify that when the language speaks to a return it means an amended return.

TAPE 017 SIDE A

004 Discussion continues on Amendment 5.

027 DON O'MEARA responded that where Amendment 5 mentions "return," it means original return unless the return is specified otherwise.

Discussion and questions.

088 DON O'MEARA's language was adopted.

104 DICK YATES presented Amendment 6 which starts on page 14 having to do with disclosure of taxpayer particulars.

Discussion and questions.

163 DON O'MEARA related that this amendment should have no effect on DOR's ability to collect outstanding accounts.

Questions and discussion.

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221 GARY CARLSON (with DONNA FAUSNER) presented testimony prepared by Betsy Bailey, Exhibit 7. Sections of the proposed Amendment 1 would result in inappropriate and unfair treatment of taxpayers, as well as being inconsistent with the goal of conformity with the federal tax code. Questions and discussion.

TAPE 016 SIDE B

002 Discussion continues on HB 5028-1.

016 LEONARD HAMILTON reported that the income reported -by corporations doing business in Oregon is recomputed based on the unity income of the group, but it is actually the activities in Oregon that are taxed.

Questions and discussion

079 LEONARD POWERS offered comments on Amendment 1 and related background information on how this law evolved. He believes this is double taxation.

203 DONNA FAUSNER added her comments. She also believes this is double taxation and that everything should be stated in the law, not just in the administrative rules.

231 LEONARD HAMILTON stated that DOR's administrative rules are available to the public.

Questions and discussion concerning Amendment 1.

TAPB 017 SIDE B

001 Further discussion on HB 5028-1, Exhibit 1.

044 MOTION REP. FEDERICI moved that the committee adopt Amendments 2, 4, 5, and 6 to H~25~8, as recommended to the full committee.

050 CHAIR SCHOON suggested adding language to Amendment 5, page 3, line 22, "...the original return, or the amended return filed on or before the due date..."

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063 DON O'MEARA further suggested language for line 18: ...filed on or before the return due date. So the language would be "...the original return or the amended return if it is filed on or before the due date..."

073 MOTION CHAIR SCHOON moved to add similar language to Section 2b, page 4, to conform.

079 MOTION REP. FEDERICI approved of changes and moved to include the amendments to HB 2058.

085 ORDER REP. SHIBLEY, Acting Chair, hearing no objections, adopted to include the amendments as part of HB 2058.

088 CHAIR SCHOON suggested holding over Amendment 1 to a later date.

090 REP. SHIBLEY closed the work session on HB 2058.

096 REP. SHIBLEY opened the work sessions on HB 2349, HB 2441, and HB 2442.

104 JOE MISEK elaborated on HB 2349 stating that funding for this tax credit is currently in question.

Questions and discussion.

154 WALLACE RUTLEDGE also testified concerning under-productive forest lands and the Forest Practices Act.

Questions and discussion.

235 REP. SHIBLEY entertained more comments on HB 2349, HB 2441, and HB 2442 and introduced a proposed amendment to HB 2349.

303 DON O'MEARA addressed the proposed amendment prepared by Department of Revenue.

Discussion and question concerning HB 2439.

393 JOE MISEK added comments about the proposed amendment.

TAPE 018 SIDE A

002 Discussion continues on HB 2439 and the proposed amendment.

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029 JULIE BRANDIS testified in support of the amendment.

032 MOTION CHAIR SCHOON moved to adopt the amendment to HB 2439.

034 ORDER REP. SHIBLEY, Acting Chair, hearing no objections, adopted the amendment.

038 CHAIR SCHOON announced that the committee would be hearing several timber bills and wanted them coordinated before being presented to the full committee.

040 REP. SHIBLEY opened the work session on HB 2441.

044 DICK YATES recapped the progress already made by the committee.

052 JULIE BRANDIS suggested an amendment to HB 2441, a management plan approved by the State Forester. Without this new language, the bill adds to bureaucracy and, in light of state cutbacks, may interfere with the ability

of the owner to file his/her taxes in a timely manner.

Questions and discussion.

081 JOE MISEK gave Department of Forestry concerns about omitting language about state foresters. He suggested adding language about coordinating with DOR in an exchange of information.

108 REP. SHIBLEY asked JOE MISEK and JULIE BRANDIS to bring a proposed amendment to the committee.

Questions and discussion about HB 2441.

163 REP. SHIBLEY closed the work sessions on HB 2441 and HB 2442.

165 CHAIR SCHOON introduced a letter from Mentro Graphics, Exhibit 8, critical of the CPA's work on HB 2058~. CHAIR SCHOON proposed drafting a letter to the full committee praising the work of the CPAs.

216 REP. SHIBLEY opened the work session on HB 2442.

Discussion and questions on Section 2 concerning the hiring of more than six individuals.

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263 WALLACE RUTLEDGE offered background information on hiring six employees. He felt that it was an attempt to distinguish between a small woodland business and big industry.

Discussion and questions.

364 REP. SHIBLEY closed the work session on HB 2442.

369 REP. SHIBLEY, Acting Chair, adjourned the meeting at 10:38 a.m.

Mary Gottlieb, Committee  
Assistant

Kimberly Taylor, Officer  
Manager

#### EXHIBITS

1. HB 2058-1, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.
2. HB 2058-2, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.
3. HB 2058-3, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.
4. HB 2058-4, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.
5. HB 2058-5, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.

Revenue  
Office.

6. Testimony on HB 2058, Associated Oregon Industries, by Betsy Bailey, presented by Gary Carlson.
7. Proposed Amendment to HB 2439, Don O'Meara, Department of Revenue.
8. Mentor Graphics Letter, Chair Schoon. (HB 2058)
9. HB 2058-6, Amendment to HB 2058, Dick Yates, Legislative Revenue Office.

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