

PUBLIC HEARING AND WORK SESSION

TAPES 21-22 A

HOUSE REVENUE COMMITTEE

JANUARY 27, 2005 1:30 PM STATE CAPITOL BUILDING

Members Present: Rep. Tom Butler, Chair
 Rep. Vicki Berger, Vice-Chair
 Rep. Mark Hass, Vice-Chair
 Rep. Brian Boquist
 Rep. Larry Galizio
 Rep. Betty Komp
 Rep. Andy Olson
 Rep. Chuck Riley

Members Excused: Rep. Sal Esquivel

Witnesses Present: Chuck Bennett, Conference of School Administrators
 John Marshall, OR School Boards Assn.
 Debra Buchanan, Dept. of Revenue
 Jan Coleman, Yamhill County Clerk, OR. Assn. of County Clerks
 Darren Bond, Director of Finance, OR State Treasury Office
 Laura Lockwood McCall, Director, Debt Management, OR State Treasury Office

Staff Present: Paul Warner, Legislative Revenue Officer

Mazen Malik, Economist

Kristi Bowman, Committee Assistant

TAPE 21, SIDE A

002 Chair Butler Calls meeting to order at 1:38 p.m. Introduces Legislative Revenue Office staff.

WORK SESSION – BILL INTRODUCTION

010 Chair Butler Opens work session for Legislative Concept (LC) bill introduction.. Discusses summary sheet titled LC's for Session Introduction (Exhibit 1).

018 Rep.Hass Discusses LC 923 (Exhibit 3) proposing a change in the formula to change kindergarten hours from 2 ½ hours per day to 5 hours a day (Exhibit 23).

047 Chair Butler Introduces LC 833 (Exhibit 2) making technical changes in OR tax statutes.

050 Paul Warner Gives overview of 833. no policy impact but rather to correct erroneous material. It is called a reviser's bill to correct OR statutes.

070 Chair Butler Introduces LC 1291 (Exhibit 4) removing sunset of high cost disabilities grant and small school district grant.

080	John Marshall	Overview of LC 1291, a bill to continue two components of the state school fund distribution formula that was enacted in 2003.
103	Rep. Komp	Asks how many schools are impacted.
106	Marshall	Responds that he doesn't have that information available now, but as the discussion on this bill progresses, there will be more specifics.
110	Chair Butler	Introduces LC numbers 1956-1961 (Exhibits 5-10).
125	Debra Buchanan	Overview of LC 1956 permitting DOR to refund overpayments claimed on a return that is filed more than 3 years after the return is due. The refund would be limited to the taxes paid during the prior two years.
136	Chair Butler	Comments that it creates a more equitable situation for taxpayers.
142	Buchanan	Overview of LC 1957 clarifies the current statute to apportion estimated payments reported on a joint return.
154	Chair Butler	Clarifies/restates the summary information for the benefit of new committee members.

- 163 Buchanan Overview of LC 1958 relates to the working family child care tax credit.
- 185 Buchanan Overview of LC 1959 relates to filing returns through pass-through entities, which are partnerships or S-type corporations. This concept adopts a uniformity recommendation that the multi-state tax commission put forward.
- 209 Chair Butler Comments that the LC assists with the administrative responsibilities of the DOR involving multi-state tax filing.
- 213 Buchanan Overview of LC 1960 which is a matching-up provision between individual tax returns and entity (partnership or S-type corporation) tax returns.
- 236 Buchanan Overview of LC 1961 involves pass-through entities and part-year residents. This provision prescribes how the taxpayer reports the income on the OR return.
- 253 Chair Butler Asks if LC 1961 precludes “specific identification” (no further elaboration given on this term).
- 255 Buchanan Responds that she will research that information for future discussion of LC 1961.

282 Chair Butler MOTION: MOVES THAT LC 833 AND LC 923 BE INTRODUCED AS HOUSE REVENUE COMMITTEE BILLS.

MOTION: MOVES THAT LC 1291 BE INTRODUCED BY THE COMMITTEE ON BEHALF OF THE OR SCHOOL BOARDS ASSN. AND THE CONFERENCE OF SCHOOL ADMINISTRATORS.

MOTION: MOVES THAT LC 1956-1961 BE INTRODUCED BY THE COMMITTEE ON BEHALF OF THE DEPT. OF REVENUE.

283 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS, MOTION PASSES 8-0-1. ANSWERING AYE: BERGER, HASS, BOQUIST, GALIZIO, KOMP, OLSON, RILEY, BUTLER. MEMBERS EXCUSED: ESQUIVEL.

CLOSES WORK SESSION FOR LCs 833 – 1961.

OPENS PUBLIC HEARING FOR HB 2030.

295 Mazen Malik Overview for HB 2030 proposing electronic funds transfer by state agencies. No new revenue impact has been determined.

336 Jan Coleman Testifies on behalf of the OR Association of County Clerks in support of HB 2030 and proposes an amendment that adds the statement “No state agency may assess a penalty to an entity that is unable to receive agency payments by electronic fund transfer.” Written testimony submitted (Exhibit 20).

395 Darren Bond Reads from written testimony (Exhibit 21) in support of HB 2030.
Comments that the State Treasurer would not have a problem with the
amendment proposed.

TAPE 22 SIDE A

030 Rep. Boquist Asks if tax refunds would be electronically processed.

032 Bond Responds that tax refunds would not be applicable to this program.
The cost benefit in this bill is normally realized in a recurring
payment scenario, such as a weekly or monthly payment. Issuance of
a card would not be effective for a one-time payment such as a tax
refund.

040 Rep. Boquist Follow-up statement: as the bill is currently written, an administrative
rule could allow an electronic tax refund.

045 Bond Concurs.

048 Rep. Berger Asks Jan Coleman how many counties are affected by the bill as
written.

050 Coleman Responds that about 6 counties would be affected.

CLOSES PUBLIC HEARING ON HB 2030

OPENS PUBLIC HEARING ON HB 2031

- 055 Malik Gives overview of HB 2031. This bill allows check images to be considered without bringing a physical check into a clearinghouse. No revenue impact was determined.
- 067 Bond Reads from written testimony in support of HB 2031 (Exhibit 22) because it cleans up current statutory language to reflect modern banking practices.
- 072 Chair Butler Asks Mr. Bond to visit his office to discuss the issues involved with electronic funds transfer in rural Oregon.

CLOSES PUBLIC HEARING ON HB 2031

OPENS PUBLIC HEARING ON HB 2032

- 095 Malik Gives overview of HB 2032 which clarifies the ways in which agencies follow when seeking the assistance of the State Treasurer in selling and floating bonds. No revenue impact was determined.
- 115 Laura Lockwood McCall Testifies in favor of bill because with the introduction of new debt instruments, this clarification is needed to reflect modern reporting practices.

132 Chair Butler Asks for questions from committee members. No questions asked.

CLOSES PUBLIC HEARING ON HB 2032

172 Chair Butler Discusses OLCC field trip information on 1/28/05.

191 Chair Butler Adjourns meeting at 2:21 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

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- 1. LC Summary, LRO Staff, 1 pg., 01/25/05
- 2. LC 833 Draft, 107 pp., 01/25/04
- 3. LC 923 Draft, 9 pp., 11/23/04
- 4. LC 1291 Draft, 9 pp., 11/17/04
- 5. LC 1956 Draft, 11 pp., 01/20/05
- 6. LC 1957 Draft, 6 pp., 01/20/05
- 7. LC 1958 Draft, 4 pp., 01/27/05

- 8. LC 1959 Draft, 5 pp., 01/20/05
- 9. LC 1960 Draft, 4 pp., 01/20/05
- 10. LC 1961 Draft, 2 pp., 01/20/05
- 11. HB 2030, Staff Measure Summary, Malik, 1 pg., 01/26/05
- 12. HB 2030, Notice of No Revenue Impact, Malik, 1 pg., 01/12/05
- 13. HB 2031, Staff Measure Summary, Malik, 1 pg., 01/26/05
- 14. HB 2031, Notice of No Revenue Impact, Malik, 1 pg., 01/12/05
- 15. HB 2031, Legislative Fiscal Office No Expenditure Impact Statement, Malik, 1 pg., 01/26/05
- 16. HB 2032, Staff Measure Summary, Malik, 1 pg., 01/26/05
- 17. HB 2032, Notice of No Revenue Impact, Malik, 1 pg., 01/12/05
- 18. HB 2032, Legislative Fiscal Office No Expenditure Impact Statement, Malik, 1 pg., 01/25/05
- 19. LC 1291, Testimony in support of LC 1291, John Marshall and Chuck Bennett, 1 pg., 01/25/05
- 20. HB 2030, Testimony in support of House Bill 2030 with Amendment, Jan Coleman, 2 pp., 01/27/05
- 21. HB 2030, Testimony in support of House Bill 2030, Darren Bond, 2 pp., 01/27/05
- 22. HB 2031, Testimony in support of House Bill 2031, Darren Bond, 1 pg, 01/27/05
- 23. LC 1291, Booklet in support of LC 1291, Northwest Regional Educational Laboratory, 56 pp., 12/02