

PUBLIC HEARING HB 2452
PUBLIC HEARING AND WORK SESSION
HB 2453, HB 2454
WORK SESSION
HB 2451

TAPES 45-46 A

HOUSE REVENUE COMMITTEE

FEBRUARY 17, 2005 1:00 PM STATE CAPITOL BUILDING

Members Present: Rep. Tom Butler, Chair
 Rep. Vicki Berger, Vice-Chair
 Rep. Mark Hass, Vice-Chair
 Rep. Sal Esquivel
 Rep. Larry Galizio
 Rep. Andy Olson
 Rep. Chuck Riley

Members Excused: Rep. Brian Boquist
 Rep. Betty Komp

Witnesses Present: Debra Buchanan, Dept. of Revenue

Staff Present: Paul Warner, Legislative Revenue Officer
Lizbeth Martin-Mahar, Economist
Kristi Bowman, Committee Assistant

TAPE 45, SIDE A

003 Chair Butler Calls meeting as a subcommittee to order at 1:05 p.m.
Full committee at 1:10 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 2452

009 Lizbeth Martin-Mahar Gives overview of HB 2452 (Exhibit 1) authorizing pass-through entities to file composite tax returns on behalf of non resident individuals, corporations or trusts.. Major change in bill is in section 3. The pass-through entity does not have to withhold taxes. Changes current law ORS 314.760 (Exhibit 2). Refers to revenue impact (Exhibit 4).

055 Chair Butler Asks about the impact of the bill on general trusts.

067 Martin-Mahar Defers answer to Debra Buchanan, Dept. of Revenue. Discusses timing of withholding not specified in section 3 of the bill.

085 Debra Buchanan

Testifies in support of HB 2452 (see executive summary in Exhibit 5). It is a proposal that brings uniformity recommendation from the Multistate Tax Commission.

- 112 Chair Butler Asks: what rate would the tax be calculated?
- 114 Buchanan Responds that it would be at the highest marginal rate, and an example of how the return is calculated is on the last page of the handout.
- 127 Chair Butler Asks about partnership and corporate tax rates.
- 130 Buchanan Responds that the rates are stated in the bill on page 2, beginning at line 17.
- 136 Hass Asks for clarification of multi-state partnership.
- 138 Buchanan Discusses a multi-state partnership scenario.
- 158 Chair Butler Questions and answers exchanged with Debra Buchanan regarding multi-state partnerships.
- 202 Rep. Berger Asks clarifying question about what's new in the bill.

- 210 Buchanan Responds that there is a small change in the language to adopt the recommendations for uniformity from the Multistate Tax Commission. The bill does provide an incentive to for an individual to file if they have not joined into a composite filing.
- 215 Chair Butler Additional comments about multi-state scenarios and tax distribution.
- 250 Buchanan Concurs with the Chair's comments.
- 283 Chair Butler Discussion with Ms. Buchanan regarding trustee issues. Questions and answers exchanged.
- 366 Chair Butler Finishes discussion on HB 2452.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2452

OPENS PUBLIC HEARING FOR HOUSE BILL 2453

- 380 Martin-Mahar Gives overview of HB 2453 (Exhibit 6) which permits claim of refund to be made by taxpayer pertaining to pass-through entity status. The extension of the time period for the Dept. of Revenue to

verify any deficiencies could bring in additional revenue. The revenue impact is minimal (Exhibit 7).

TAPE 46, SIDE A

006 Buchanan Testifies in support of HB 2453 because the bill extends the time limit as stated by Martin-Mahar.

031 Chair Butler General comments about HB 2453.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2453

OPENS WORK SESSION FOR HOUSE BILL 2453

046 Rep. Olson MOTION: MOVES HB 2453 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

048 Chair Butler Calls meeting at ease at 1:37 p.m.
Calls meeting to order at 1:39 p.m.

050 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 7-0-2. VOTING AYE: BERGER, ESQUIVEL, GALIZIO, HASS, OLSON, RILEY, BUTLER. EXCUSED: BOQUIST, KOMP.

CLOSES WORK SESSION FOR HOUSE BILL 2453.

OPENS PUBLIC HEARING FOR HOUSE BILL 2454.

072 Martin-Mahar Gives overview of HB 2454 (Exhibit 10) which prescribes an allocation formula for part-year and nonresident taxpayers pertaining to pass-through entities.

094 Buchanan Testifies in support of HB 2454 because it codifies the Oregon Tax Court's decision pertaining to pass-through entity income (Exhibit 12).

111 Chair Butler Questions and discussions about pass-through entities pertaining to part-year residents.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2454.

OPENS WORK SESSION FOR HOUSE BILL 2454

170 Rep. Galizio MOTION: MOVES HB 2454 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

187 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 7-0-2. VOTING AYE: BERGER, ESQUIVEL, GALIZIO, HASS, OLSON, RILEY, BUTLER. EXCUSED: BOQUIST, KOMP.

CLOSES WORK SESSION FOR HOUSE BILL 2454

OPENS WORK SESSION FOR HOUSE BILL 2451

195 Martin-Mahar Gives overview of House Bill 2451 (Exhibit 1) which adds a requirement to the working family child care tax credit. Refers to the HB 2451-1 amendment (Exhibit 2) and the revenue impact statement (Exhibit 3). The amendment pertains to the working family child care tax credit threshold of at least \$6000 of earned income from Oregon sources only.

259 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 2451-1 AMENDMENT.

263 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 7-0-2. VOTING AYE: BERGER, ESQUIVEL, GALIZIO, HASS, OLSON, RILEY, BUTLER. EXCUSED: BOQUIST, KOMP.

268 Rep. Berger MOTION: MOVES HB 2451 AS AMENDED TO THE HOUSE WITH A DO-PASS RECOMMENDATION.

271 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 7-0-2. VOTING AYE: BERGER, ESQUIVEL, GALIZIO, HASS, OLSON, RILEY, BUTLER. EXCUSED: BOQUIST, KOMP.

CLOSES WORK SESSION FOR HB 2451-1

270 Chair Butler Committee administrative business discussed.

300 Chair Butler Adjourns meeting at 1:55 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. 1. HB 2452, Staff Measure Summary, Martin-Mahar, 1 pg., 02/17/05
2. 2. HB 2452, ORS 314.760, Martin-Mahar, 1 pg., 02/17/05
3. 3. HB 2452, Fiscal Statement, Legislative Fiscal, 1 pg., 02/17/05
4. 4. HB 2452, Revenue Impact Statement, Martin-Mahar, 1 pg., 02/17/05
5. 5. HB 2452, Executive Summary, Dept. of Revenue, Buchanan, 8 pp., 02/17/05
6. 6. HB 2453, Staff Measure Summary, Martin-Mahar, 1 pg., 02/17/05
7. 7. HB 2453, Revenue Impact Statement, Martin-Mahar, 1 pg., 02/17/05
8. 8. HB 2453, Fiscal Statement, Legislative Fiscal, 1 pg., 02/17/05
9. 9. HB 2453, Executive Summary, Dept. of Revenue, Buchanan, 1 pg., 02/17/05
10. 10. HB 2454, Staff Measure Summary, Martin-Mahar, 1 pg., 02/17/05
11. 11. HB 2454, Fiscal Statement, Legislative Fiscal, 1 pg., 02/17/05
12. 12. HB 2454, Executive Summary, Dept. of Revenue, Buchanan, 6 pp., 02/17/05
13. 13. HB 2451, Amendment, Legislative Counsel, 1 pg., 02/14/05
14. 14. HB 2451, Staff Measure Summary, Martin-Mahar, 1 pg., 02/17/05
15. 15. HB 2451, Revenue Impact Statement, Martin-Mahar, 1 pg., 02/17/05
16. 16. HB 2451, Executive Summary, Dept. of Revenue, Buchanan, 3 pp., 02/17/05