



Kristi Bowman, Committee Assistant

**TAPE 80, SIDE A**

002 Chair Butler Calls meeting to order at 1:04 p.m.

OPENS WORK SESSION FOR HOUSE BILL 2195

017 Paul Warner Gives overview and history of HB 2195-A. Discusses 2195-A2 amendment concerning the cease and desist order.

024 Chair Butler Reviews bill history for committee members.

036 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 2195-A2 AMENDMENT.

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

041 Rep. Riley MOTION: MOVES 2195-A AS AMENDED TO THE HOUSE WITH A DO-PASS RECOMMENDATION.

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

CLOSES WORK SESSION FOR HOUSE BILL 2195-A

OPENS WORK SESSION FOR HOUSE BILL 2452

055 Lizbeth Martin-Mahar Gives overview of HB 2452. Refers to Staff Measure Summary (Exhibit 3) and Revenue Impact Statement (Exhibit 4). The bill outlines conditions for pass-through entities to file a composite tax return on behalf of a non-resident owner. Discusses language requested by the Dept. of Revenue in the proposed amendment 2452-2 (Exhibit 5). Comments that there is no significant revenue impact.

098 Chair Butler Reviews bill history for committee members.

112 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 2452-2 AMENDMENT.

120 Chair Butler

ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. PASSES 7-0-2. ANSWERING AYE: BERGER, HASS, BOQUIST, ESQUIVEL, GALIZIO, RILEY, BUTLER.

117 Rep. Berger MOTION: MOVES HB 2452 AS AMENDED TO THE HOUSE WITH A DO-PASS RECOMMENDATION.

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

CLOSES WORK SESSION FOR HB 2452

OPENS WORK SESSION FOR HOUSE BILL 2469

135 Martin-Mahar Gives overview of HB 2469. The bill concerns the deduction for special marital property in an estate. It broadens the definition for Oregon's special marital property to include trusts. The bill came out of an interim committee proposal following the 2003 legislative session.

172 Karey Schoenfeld Paraphrases from written testimony (Exhibit 6). This bill is needed because there is a current disconnect between federal and state estate tax law that causes individuals to pay estate tax on the death of the first spouse.

- 195 Chair Butler General comments about the impacts of current Oregon estate tax provisions.
- 208 Schoenfeld Gives overview of current federal estate tax laws. Refers to graph included in written testimony (Exhibit 6). Comments that it is important that wills and trusts can be revised without attorney costs to make the necessary changes.
- 270 Mark Huglin Concurs with Schoenfeld's testimony. HB 2469 is a discrete fix to current state law.
- 280 Chair Butler Discusses history of bill with Schoenfeld.
- 297 Rep. Komp MOTION: MOVES HB 2469 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 317 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. ANSWERING AYE: BERGER, HASS, BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BUTLER.

CLOSES WORK SESSION TO HB 2469

OPENS WORK SESSION FOR HB 2629

- 330 Rep. Riley General comments about alternatives developed in the ad-hoc work group. Those alternatives will be taken to respective caucuses for further discussion.
- 357 Martin-Mahar Comments that more statistical information will be provided to work group members before their caucus meetings.
- 371 Rep. Boquist Gives overview of the five options under discussion with the work group.
- 431 Chair Butler Asks the ad-hoc work group to continue their work and will carry over the bill for a future work session.

**TAPE 81,SIDE A**

- 020 Martin-Mahar Additional information will be provided about various threshold impacts.
- 040 Chair Butler General comments to committee members about HB 2629.

CLOSES WORK SESSION FOR HB 2629

OPENS WORK SESSION FOR HB 2542

- 062 Martin-Mahar Discusses 2542-1 and 2542-2 amendments (see Exhibits 16 and 17 for tape log 03/09/05). The 2542-1 amendment begins the rolling reconnect on 01/01/05 allowing an automatic reconnect with any new federal tax legislation pertaining to taxable income. The 2542-1 amendment broadens the following definitions:
- · Definition of child and the relationship of caregiver to child
  - · Dividend deductions
- Amendment 2542-2: It does specify additional components that will be part of the rolling reconnect:
- · Definitions pertaining to taxable income
  - · Amortization
  - · Federal military compensation changes
  - · Definitions in 2542-1 amendment
- 085 Chair Butler Questions and discussion interspersed with Martin-Mahar.
- 157 Chair Butler General comments to committee members about HB 2542 and the two amendments.
- 168 Rep. Hass Asks for clarification of automatic and rolling reconnect terminology.
- 171 Martin-Mahar Responds that the rolling reconnect date of 01/01/06 was established in a law passed in 2003. Because HB 2542 has 12/31/04 stated

throughout the bill, amendment 2542-1 brings forward the rolling reconnect date if the federal government passes new tax legislation in 2005.

- 226 Chair Butler General comments about health savings accounts (HSAs). Asks Martin-Mahar to review the HSA issues.
- 237 Martin-Mahar Refers to revised handout: Reconnect to Federal Law Changes presented on 03/15/05 (Exhibit 5, p. 5) regarding HSAs. HSAs are designed for individuals who are covered by a high-deductible health plan. HSA contributions can be deducted from personal income tax.
- 278 Martin-Mahar Discusses federal subsidies for medicare and union drug plans (Exhibit 5, p. 4, 03/15/05). Discusses justifications for the subsidies.
- 317 Rep. Galizio Asks for clarification of double counting for corporations regarding the prescription drug plan.
- 319 Martin-Mahar Responds that when Congress passed the medicare prescription drug plan, according to her research, it was pointed out that corporations could claim the prescription expenses in addition to claiming subsidies.
- 333 Chair Butler General comments regarding overall testimony previously given for HB 2542. Comments that many accountants and business owners who have testified they would prefer for Oregon to stay connected to federal tax laws to prevent keeping two sets of books. However, Chair Butler expresses concern about larger firms in Oregon with



multistate operations that have not clearly stated their position regarding the reconnect. For example, how will they benefit from reconnecting to certain components in HB 2542?

**TAPE 80, SIDE B**

051 Rep. Hass General comments about Chair Butler's concerns. Expresses concern about testimony not given on certain components of the reconnect, such as testimony in favor of the subsidy for the prescription drug plan. States that "the case has not been made yet for some of these [components]."

071 Chair Butler General comments to committee members about conducting further discussion of HB 2542 with their constituents who are affected by various components of the reconnect bill. Comments that he is anxious to move forward with a bipartisan bill that will benefit all Oregonians.

CLOSES WORK SESSION FOR HB 2542

108 Chair Butler Adjourns meeting at 2:07 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee  
Coordinator

Exhibit Summary:

- 1. HB 2195, Amendment A-2, Legislative Counsel, 1 pg., 03/14/05
- 2. HB 2195, Handout: House Bill 2105-A2, Reves, 9 pp., 03/16/05
- 3. HB 2452, Staff Measure Summary, Martin-Mahar, 1 pg., 03/16/05
- 4. HB 2452, Revenue Impact Statement, Martin-Mahar, 1 pg., 03/16/05
- 5. HB 2452, Amendment 2, Legislative Counsel, 1 pg., 03/11/05
- 6. HB 2469, Testimony, Schoenfeld, 4 pp., 03/16/05