

TAPE 192, SIDE A

002 Chair Butler Calls meeting to order at 1:05 p.m.

OPENS WORK SESSION FOR SENATE BILL 996 A

018 Chair Butler MOTION: REP. BERGER MOVES THAT THE VOTE BY WHICH SB 996 A WAS PREVIOUSLY PASSED TO THE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION BE RECONSIDERED IN ORDER TO CONSIDER A CONFLICT AMENDMENT.

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

023 Paul Warner Discusses the conflict amendment SB 996 A-3 (Exhibit 1). It does not change any of the policy decisions made by the House Revenue Committee when the bill was heard on 06/01/05.

032 Chair Butler MOTION: REP. BOQUIST MOVES TO ADOPT THE SB 996 A-3 AMENDMENT.

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

036 Rep. Berger MOTION: MOVES SENATE BILL 996 A AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

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

CLOSES WORK SESSION FOR SENATE BILL 996 A

OPENS WORK SESSION FOR SENATE BILL 480 A

053 Warner Discusses the changes incorporated in the SB 480 A-12 amendment. (Exhibit 2). The changes include:

- · Clarifying the definition of “listed transactions”
- · Defining reportable transactions
- · Modifications to penalties imposed
- · Modifications to the Voluntary Compliance Initiative (VCI)

092 Chair Butler Discusses the definition of “listed transaction” with Warner.

100	Warner	Continues summary of changes in the amendment.
124	Rep. Hass	Asks about the intent of the change to the VCI.
125	Warner	Responds that there was confusion between listed and reportable transactions and their respective “look-backs”. Continues summary of changes in the amendment.
155	Rep. Hass	Asks how the California amnesty model affects the bill’s look-back for reportable transactions.
158	Warner	Discusses the California look-back policy.
178	Rep. Komp	Asks if the amount of years for a look-back is critical to the overall benefit of the amnesty program.
186	Warner	Responds that there are trade-offs to the length of look-back. The further you go back, the more burdensome it is on taxpayers for recordkeeping. The SB 480 A-12 amendment shortens the 8 year time period to 6 years.
207	Warner	Comments that the SB 480 A-12 amendment does not affect the revenue impact estimate from the SB 480 A-11 amendment (Exhibit 5 dated 05/31/05)

- 219 Rep. Galizio Asks about the proposed Dept. of Revenue Internet site for tax abusers.
- 230 Rep. Berger Responds that the Internet proposal was eliminated in the SB 480 A-12 amendment because all of the information is public information and is available already. Expresses concern that The “Wall of Shame” Internet site exposes the state to liability if the information is wrong. There is an easier way to get that information to those concerned.
- 244 Chair Butler Additional comments about the proposed website for tax abusers.
- 257 Rep. Berger MOTION: TO RESCIND THE SUBSEQUENT REFERRAL TO WAYS AND MEANS AND REQUEST A SUBSEQUENT REFERRAL TO HOUSE BUDGET.
- 265 Rep. Hass Asks about the intent of the referral of the bill to the House Budget Committee.
- 271 Chair Butler Responds that a discussion about the amount of penalties needs to be addressed in the Budget Committee. Discussion with Rep. Hass.
- 303 Rep. Boquist Asks about the fiscal impact.

- 304 Warner Responds that the fiscal impact is estimated @ \$600,000 because of the elimination of the website. The fiscal impact has been coordinated with the Dept. of Revenue's budget.
- 330 Chair Butler Asks for roll-call vote.
- 340 Chair Butler ORDER: THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 6-3-0. VOTING AYE: BOQUIST, ESQUIVEL, KOMP, OLSON, BERGER, BUTLER. VOTING NO: GALIZIO, RILEY, HASS.
- 347 Rep. Berger MOTION: MOVES THE ADOPTION OF THE SB 480 A-12 AMENDMENT.
- 352 Rep. Berger Comments on her reason for not supporting the website. Supports the referral to the Budget Committee in order to have another group look at the bill.
- 368 Rep. Galizio Comments on the website issue. Acknowledges the additional costs to develop and maintain it and states that negative publicity is a strong motivator.
- 394 Chair Butler Asks for roll-call vote.
- 403 Chair Butler

ORDER: THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 6-3-0. VOTING AYE: BOQUIST, ESQUIVEL, KOMP, OLSON, BERGER, BUTLER. VOTING NO: GALIZIO, RILEY, HASS.

407 Rep. Berger MOTION: MOVES SB 480 A WITH A DO PASS AS AMENDED RECOMMENDATION, AND THE BILL BE REFERRED TO THE HOUSE BUDGET COMMITTEE.

417 Chair Butler Asks for roll-call vote.

427 Chair Butler THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE 7-2-0. VOTING AYE: BOQUIST, ESQUIVEL, KOMP, OLSON, RILEY, BERGER, BUTLER. VOTING NO: GALIZIO, HASS.

CLOSES WORK SESSION FOR SENATE BILL 480 A

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020 Lizbeth Martin-Mahar Gives overview of the SB 896 A-4 amendment (Exhibits 3 and 4). The amendment increases the tax credit to \$5000 and establishes a sunset date of 01/01/13.

035 Chair Butler

Comments that the amendment clarifies the definition of water vessel that is eligible for the tax credit.

- 047 Martin-Mahar Adds that the amendment does not have a significant revenue impact (Exhibit 5).
- 057 Chair Butler REP. RILEY MOVES THE ADOPTION OF THE SB 896 A-4 AMENDMENT.
- 060 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER. EXCUSED: ESQUIVEL.
- 063 Martin-Mahar Gives overview of the SB 896 A-5 amendment (Exhibits 6 and 7). In addition to the components of the SB 896 A-4 amendment, it includes a property tax exemption for newly acquired real or personal property. The company must pay taxes on the first \$1 M and is exempt from taxes above that amount. The amendment establishes a sunset date.
- 086 Chair Butler Clarifies the property tax component in the amendment. Discussion with Martin-Mahar.
- 100 Rep. Riley Clarifies the definition of newly acquired or newly constructed property eligible for exemption.

- 108 Rep. Olson Asks why the exemption is not facilitated by a local agency instead of a state agency.
- 128 Rep. Berger Expresses similar concerns to Rep. Olson's about the property tax exemption.
- 147 Rep. Esquivel Expresses concern about the two sunset clauses. In response to Rep. Olson and Rep. Berger, this bill is not designed for local control.
- 160 Chair Butler General comments about the revenue impact of increased assessed valuation of property.
- 179 Rep. Boquist Asks about the revenue impact statement (Exhibit 8) for the SB 896 A-5 amendment.
- 182 Martin-Mahar Explains the property tax component. Discussion with Rep. Boquist and Rep. Berger.
- 300 Chair Butler Comments on assessed value on vacant buildings.

- 370 Rep. Berger Expresses concern about the property tax component and its effect on small communities.
- 390 Chair Butler General comments about the SB 896 A-4 amendment.
- 421 Rep. Boquist MOTION: MOVES SB 896 AS AMENDED TO THE HOUSE FLOOR WITH A DO-PASS RECOMMENDATION.
- 434 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. THE MOTION PASSES 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 896 A

OPENS WORK SESSION FOR HOUSE BILL 3481 A

TAPE 192, SIDE B

- 025 Martin-Mahar Gives overview of HB 3481 A-6 amendment (Exhibit 9). The changes:
- • Clarifies definition of new property
 - • Clarifies definition of farm storage facilities
 - • Biofuel facilities will conform to Dept. of Environmental Quality (DEQ) standards
 - • New definition of “agricultural producer”
 - • Decrease of tax credit for biomass production

- 093 Rep. Hass Discussion with Martin-Mahar on the tax credit reduction pertaining to research and development.
- 108 Martin-Mahar Comments that bill's property tax exemption is designed to be used after the enterprise zone exemption is depleted. The company would need to get consent from the local government.
- 141 Chair Butler Asks about the wood chipper issue.
- 146 Martin-Mahar Responds that Legislative Counsel advised that because of the relating clause in the bill regarding expansion of environmental improvements, the deletion of wood chippers from the bill cannot be done.
- 150 Rep. Berger Asks about the definition of biomass.
- 155 Martin-Mahar Responds that the definition is on pages 34 and 38 of the amendment.
- 174 Martin-Mahar Discusses the revenue impact statement (Exhibit 10) pertaining to the property tax exemption for biofuel production or fuel additive production facilities.
- 281 Rep. Hass Comments on the pollution control credits currently being claimed. Discussion with Martin-Mahar.

- 300 Chair Butler Comments on growth and expansion of the biofuel industry and the revenue impacts. General comments on the amendment.
- 357 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 3481 A-6 AMENDMENT.
- 373 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.
- 376 Rep. Berger MOTION: MOVES HB 3481 A AS AMENDED TO THE HOUSE FLOOR WITH A DO-PASS RECOMMENDATION.
- 383 Rep. Hass Discusses legislation in 2001 regarding the extension of the pollution control credit. To extend a credit that is not used by 70% of the industry “seems like the wrong way to go.” Expresses concern that the biodiesel component of this bill will “die” in the Senate. Would like to see an amendment that would allow the pollution control tax credit to expire but would keep the biodiesel incentives.

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- 014 Rep. Galizio Comments that he likes the original bill with the biodiesel component, but he does not support the extension of pollution control credit.

- 020 Chair Butler General comments about previous testimony on the bill. Expresses concern about the stricter DEQ standards used in Oregon instead of the Environmental Protection Agency standards used by other states.
- 030 Rep. Olson Concurs with Rep. Hass' comments and hopes for the best when the bill is heard in the Senate.
- 037 Rep. Riley Comments that "he would much rather have actual clean air than a clean air act."
- 041 Rep. Boquist Concurs with Rep. Olson's comments. Comments that the most important focus of the bill is the biofuel component.
- 053 Chair Butler Asks for roll-call vote.
- 059 Chair Butler ORDER: THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. MOTION PASSES 7-2-0. VOTING AYE: BOQUIST, ESQUIVEL, KOMP, OLSON, RILEY, BERGER, BUTLER. VOTING NO: GALIZIO, HASS. REP. HASS SERVES NOTICE OF A POSSIBLE MINORITY REPORT.

CLOSES WORK SESSION FOR HOUSE BILL 3481 A

072 Chair Butler Adjourns meeting at 2:34 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

- 1. SB 996, Amendment SB 996 A-3, Leg. Counsel, 5 pp., 06/07/05
- 2. SB 480, Amendment SB 480 A-12, Leg. Counsel, 34 pp., 06/14/05
- 3. SB 896, Amendment SB 896 A-4, Leg. Counsel, 1 pg., 06/06/05
- 4. SB 896, Staff Measure Summary, Martin-Mahar, 1 pg., 06/13/05
- 5. SB 896, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/13/05
- 6. SB 896, Amendment SB 896 A-5, Leg. Counsel, 2 pp., 06/07/05
- 7. SB 896, Staff Measure Summary, Martin-Mahar, 1 pg., 06/13/05
- 8. SB 896, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/14/05
- 9. HB 3481, Amendment HB 3481 A-6, Leg. Counsel, 47 pp., 06/14/05
- 10. HB 3481, Revenue Impact Statement, Martin-Mahar, 3 pp., 06/14/05