

PUBLIC HEARING

SB 896 A

WORK SESSION

HB 2787

SB 21, 22, 23 A, 24, 25 A

TAPES 182-183 A, 182 B

HOUSE REVENUE COMMITTEE

JUNE 2, 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. Sal Esquivel
- Rep. Larry Galizio
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Witnesses Present: Sen. Bruce Starr, Dist. 15

Dan Yates, Spirit of Portland

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

TAPE 182, SIDE A

005 Chair Butler Calls meeting to order at 1:33 p.m.

OPENS WORK SESSION FOR HOUSE BILL 2787

010 Lizbeth Martin-Mahar Gives update of HB 2787 (Exhibit 1). Discusses the HB 2787-7 amendment (Exhibit 2) that adds certified emergency medical technicians (EMTs) for the \$250 tax credit. "Rural" and "frontier" areas have been defined more specifically. Discusses the preliminary revenue impact (Exhibit 3).

070 Chair Butler Discusses changes to the bill contained in the HB 2787-7 amendment. General comments about various definitions in the bill.

- 103 Rep. Boquist Clarifies that the change in the definition of frontier and rural only applies to EMTs.
- 105 Martin-Mahar Concurs with Rep. Boquist. Refers to the specific section of the amendment.
- 115 Chair Butler General comments about the tax credit.
- 127 Rep. Berger MOTION: MOVES THE ADOPTION OF THE HB 2787-7 AMENDMENT.
- 131 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, OLSON, RILEY, BERGER, HASS, BUTLER. EXCUSED: KOMP.
- 133 Rep. Berger MOTION: MOVES HB 2787 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 136 Rep. Hass Explains why he will vote no on the bill.
- 153 Chair Butler Comments that section 5 addresses some of Rep. Hass' concerns.

164 Chair Butler Asks for roll-call vote.

171 Chair Butler THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 7-1-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, OLSON, RILEY, BERGER, BUTLER. VOTING NO: HASS. EXCUSED: KOMP.

CLOSES WORK SESSION FOR HOUSE BILL 2787

OPENS PUBLIC HEARING FOR SENATE BILL 896 A

190 Martin-Mahar Gives summary of SB 896 A (Exhibit 4). The tax credit only applies to new employees who assist in the manufacture of a water transit vessel. Discusses the revenue impact (Exhibit 5).

245 Chair Butler Calls AT EASE at 1:51 P.M.

246 Chair Butler Calls meeting to order at 1:52 p.m.

252 Sen. Bruce Starr Discusses the SB 896 A-3 amendment (Exhibit 6). The amendment increases the incentive. The intent is to provide an incentive because of the growing demand for water transit. Oregon has a huge opportunity to move people across the Willamette River in the Portland area. The bill is about bringing new jobs, new opportunity, and new business. The fiscal impact would be minimal.

335 Dan Yates Testifies in support of SB 896 and reads from written testimony (not submitted to the committee).

TAPE 183, SIDE A

019 Chair Butler Comments that the bill does not specify that the vessels are to be built in Oregon. Comments that the property tax exemption would be

for real and personal property belonging to the manufacturer that would exceed \$1 M.

032 Martin-Mahar Comments that there is no definition of “property” in the amendment.

036 Sen. Starr His understanding is that “property” pertains to real estate and equipment. Discussion with Martin-Mahar.

040 Yates Comments that he is only a ship buyer, not a ship builder. Discusses a potential ship builder interested in a currently empty facility in Portland.

055 Rep. Hass Asks about the enterprise zones in north Portland and whether they would be applicable to the shipyards. Discussion with Yates and Sen. Starr.

- 066 Sen. Starr Discusses his conversation with the Chair of Senate Revenue about increasing the incentive.
- 078 Chair Butler Comments about the tax credits. Discussion with Sen. Starr.
- 090 Rep. Boquist Asks if anyone in Oregon is currently eligible for this credit.
- 095 Sen. Starr Responds that he is not aware of anyone currently eligible. Adds that the definition of “high-speed water vessel” has been more tightly defined in the amendment.
- 103 Yates In response to Rep. Boquist, discusses the specifics of a high-speed water vessel that he is researching for river transit.
- 160 Rep. Berger Expresses concerns about policy issues. Asks for comments on why the previous builder left.
- 180 Sen. Starr Discusses policy issues previously discussed in Senate committees.
- 200 Yates Discusses a ship builder in Washington who is interested in coming to Oregon.

- 248 Rep. Boquist Discusses other facilities in Oregon with Yates.
- 265 Rep. Galizio Asks if Portland offers any incentives to ship builders.
- 274 Yates Responds that the Portland Development Commission only extends incentives in urban renewal districts at this time.
- 293 Chair Butler Discusses the SB 896 A-3 amendment with Sen. Starr.
- 304 Martin-Mahar Clarifies the exemption amount as stated in the amendment with Sen. Starr.
- 329 Rep. Berger Recommends a seven year sunset provision for all incentives.
- 331 Rep. Hass Expresses concern about the property tax component because there may be enterprise zone issues that might apply.
- 352 Rep. Berger Comments that the property exemption should be more tightly defined. Discussion with Yates.

383 Sen. Starr Will work with staff to make requested changes.

CLOSES PUBLIC HEARING FOR SENATE BILL 896 A

OPENS WORK SESSION FOR SENATE BILL 21

TAPE 182, SIDE B

012 Mazen Malik Gives update on SB 21. Discusses the main points of the bill regarding investments in foreign securities.

027 Rep. Berger MOTION: MOVES SB 21 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

031 Rep. Boquist Expresses concern about the bill, but states that he will vote for the bill.

041 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 21

OPENS WORK SESSION FOR SENATE BILL 22

- 050 Malik Gives update on SB 22. Refers to handout (Exhibits 10 and 11) that shows the organization of the Oregon Investment Council (OIC). Discusses the main points of the bill regarding investment of funds by the State Treasurer.
- 080 Chair Butler Clarifies the main points of the bill with Malik.
- 104 Rep. Berger Comments that it is her understanding that other state and local government entities in addition to the State Treasurer make fund investments without going through an intermediary.
- 106 Malik Responds that other governmental entities would go through the State Treasurer to make investments. They could not go out on their own to invest.
- 116 Rep. Boquist Comments that the information contained in the Staff Measure Summary regarding what the bill does needs more clarification (see Exhibit 4 from 05/17/05).

- 125 Malik Discusses the information in the Staff Measure Summaries that were presented at the Senate Revenue Committee on 01/31/05 and the House Revenue Committee on 05/17/05.
- 137 Rep. Berger Asks for a new Staff Measure Summary that clarifies ownership information.
- 140 Malik Responds that he will provide a new Staff Measure Summary.
- 148 Rep. Riley Clarifies that local government entities own the investments, but they cannot invest on their own.
- 150 Malik Responds that current statute states that local governments cannot own common stocks in any companies, but they can invest through the Investment Pool. Discussion with Chair Butler.
- 176 Rep. Berger MOTION: MOVES SB 22 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 181 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 22

OPENS WORK SESSION FOR SENATE BILL 23 A

- 195 Malik Summarizes SB 23 A. The bill clarifies language in various statutes regarding bond investments. Refers to the SB 23 A-2 amendment (Exhibit 12).
- 240 Chair Butler Refers to the testimony from Harvey Rogers (see Exhibit 9 from 05/17/05) that summarized the technical changes.
- 249 Rep. Berger MOTION: MOVES THE ADOPTION OF THE SB 23 A-2 AMENDMENT.
- 255 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.
- 258 Rep. Berger MOTION: MOVES SB 23 A AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 269 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 23 A

OPENS WORK SESSION FOR SENATE BILL 24

- 285 Steve Meyer Summarizes SB 24 which deals with the Common School Fund.
- 309 Chair Butler Refers to the handout from the Treasurer's Office (Exhibit 13) regarding distribution out of the Common School Fund.
- 347 Rep. Berger MOTION: MOVES SB 24 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 354 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR SENATE BILL 24

OPENS WORK SESSION FOR SENATE BILL 25 A

- 360 Martin-Mahar Gives summary of SB 25 A pertaining to the College Savings Network. Refers to the revenue impact statement (Exhibit 14).
- 417 Chair Butler REP. KOMP MOVES SB 25 A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 423 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, BUTLER. EXCUSED: HASS.

CLOSES WORK SESSION FOR SENATE BILL 25 A

- 443 Chair Butler Adjourns meeting at 2:57 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. 1. HB 2787, Staff Measure Summary, Martin-Mahar, 1 pg., 06/02/05
2. 2. HB 2787, Amendment HB 2787-7, Leg. Counsel, 2 pp., 06/01/05
3. 3. HB 2787, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/02/05
4. 4. SB 896, Staff Measure Summary, Martin-Mahar, 1 pg., 06/02/05
5. 5. SB 896, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/02/05
6. 6. SB 896, Amendment SB 896 A-3, Leg. Counsel, 2 pp., 06/02/05
7. 7. SB 896, Staff Measure Summary, Van Winkle, 1 pg., 04/26/05
8. 8. SB 896, Staff Measure Summary, Martin-Mahar, 1 pg., 04/14/05
9. 9. SB 896, Staff Measure Summary, Thiele-Cirka, 1 pg., 05/23/05
10. 10. SB 21, Handout: OIC Organizational Chart, Malik, 1 pg., 06/02/05
11. 11. SB 22, Handout: OIC Organizational Chart, Malik, 1 pg., 06/02/05
12. 12. SB 23, Amendment SB 23 A-2, Leg. Counsel, 1 pg., 06/02/05
13. 13. SB 24, Handout: Common School Fund Earnings Examples, Treasury Dept., 1 pg., 06/02/05
14. 14. SB 25, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/02/05