

WORK SESSION

HB 3481 A, HB 2070A, SB 23 A

TAPES 190-191 A,190 B

HOUSE REVENUE COMMITTEE

JUNE 9, 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. Chuck Riley

Member Excused: Rep. Andy Olson

Witnesses Present: Dave Nelson, Oregon Seed Council & Oregon Dairy Farmers Assn.
 Paul Cosgrove, American Forest & Paper Assn.

Rep. Chuck Burley, Dist. 54

Maggie Vandehey, Dept. of Environmental Quality (DEQ)

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

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006 Acting Chair Berger Calls meeting to order at 1:49 p.m.

OPENS WORK SESSION FOR SENATE BILL 23 A

011 Mazen Malik Discusses the SB 23 A-3 amendment (Exhibit 4 from 06/08/05).

023 Rep. Hass MOTION: MOVES THE ADOPTION OF THE SB 23 A-3 AMENDMENT.

026 Acting Chair Berger

Discussion with Malik about the amendment. Makes reference to HB 2395 (Exhibit 6 from 06/08/05).

- 078 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BERGER, HASS, BUTLER. EXCUSED: OLSON.
- 084 Rep. Boquist MOTION: MOVES SB 23 A AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND BE PLACED ON THE CONSENT CALENDAR.
- 092 Rep. Komp Asks why this bill would be placed on the consent calendar instead of going to the floor for debate.
- 094 Rep. Boquist Responds that this bill contains technical changes, and it has been discussed thoroughly in the Senate.
- 100 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BERGER, HASS, BUTLER. EXCUSED: OLSON.

CLOSES WORK SESSION FOR SENATE BILL 23 A

OPENS WORK SESSION FOR HOUSE BILL 3481 A

- 103 Lizbeth Martin-Mahar Discusses the main points of possible amendments that will clarify certain sections of the bill: (discussion interspersed)
- • Definition of property that is new to the owner
 - • Farm storage facilities
 - • Agricultural producer
 - • Allowance of tax credit for producer and user which can be the same person; change in the tax credit amount
 - • Disallowance of transfer of the tax credit
 - • Add language to specify research and development tax credit
 - • Change to biomass definitions
 - • Exclusion of small wood chippers for the pollution control tax credit
 - • Dept. of Environmental Quality (DEQ) technical changes
- 140 Rep. Berger Asks if the references to farm storage facilities pertain to the pollution control tax credit or to the property tax credit.
- 145 Martin-Mahar Responds that they pertain to the pollution control tax credit.
- 149 Chair Butler General comments about the definition of storage facilities. Additional comments by Rep. Berger.
- 169 Dave Nelson Discusses the definition of storage facilities.

- 185 Rep. Berger Asks if the two tax credits are mutually exclusive or if they can use both.
- 187 Martin-Mahar Explains the statutes that will apply to each credit. A person with a new storage facility for biofuel storage could use both the pollution control and property tax credits.
- 208 Nelson Additional comments on storage facilities and tax credits.
- 213 Rep. Boquist Comments that the bill has broad language regarding farm storage facilities.
- 230 Chair Butler Expresses concern that the amendment language reflect that the credit is for new facilities only.
- 243 Rep. Komp Asks if an existing storage facility could be retrofitted to claim a credit.
- 245 Nelson Responds that a facility built since 1987 would be eligible for the pollution tax credit.
- 264 Paul Cosgrove Discusses Section 6 of the bill referring to farm storage facilities.

- 278 Chair Butler Clarifies that the credit would be for new construction only. Discussion with Nelson, Cosgrove, and Martin-Mahar about the credit.
- 338 Rep. Boquist Comments on the “per ton of biomass” and the relating tax credit in the bill. Discussion with Nelson about the density of different commodities.
- 383 Chair Butler Comments and discussion about whether the tax credit applies to the producer or to the user.

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- 047 Rep. Chuck Burley Discusses the amount of the tax credit and what it is supposed to cover. Discussion with Chair Butler.
- 076 Rep. Burley Comments that the tax credit was originally intended for the producer. Discusses the credit as it applies to a purchaser in the wood products industry. Comments on the federal program for biofuels. Discussion with Chair Butler.
- 151 Martin-Mahar Explains the DEQ handout (Exhibit 1).
- 199 Rep. Hass Points out that the largest credit was claimed by PGE/Enron in 2004.

- 212 Martin-Mahar Comments that there is not a complete fiscal analysis available at this time. Discussion with Chair Butler.
- 236 Rep. Boquist Asks about the pollution control tax credit regarding the percentage increase of expenses stated in the Revenue Impact Statement (Exhibit 3 from 06/08/05).
- 250 Martin-Mahar Responds that the figures add together. Once DEQ determines the type of companies involved, the other figures will be completed.
- 266 Maggie Vandehey Discusses potential amendments from DEQ:
- · Language concerning farm storage buildings
 - · Clarifying language needed in Sec. 3 (a) (d); pg. 4, line 29-30
- 301 Rep. Galizio Asks about the 164 applications for PGE/Enron as stated on the handout (Exhibit 1).
- 303 Vandehey Responds that those applications are for the life of the program. Only one application was used for the Trojan decommission.
- 337 Rep. Hass Asks about DEQ's opinion of the pollution tax credit program. Discussion with Vandehey about the intent of the credits.
- 360 Vandehey

Discussion with Rep. Boquist about specific industries that received tax credits. Comments that 2004 was an anomaly. Most credits that year went to wood chippers, material and recovery facilities, and high-tech firms.

CLOSES WORK SESSION FOR HOUSE BILL 3481 A

OPENS WORK SESSION FOR HOUSE BILL 2070 A

423 Steve Meyer Gives overview of HB 2070 A (Exhibit 2). The bill requires that a resident school district contract with another district regarding the transfer of a student with an Individual Education Program (IEP).

445 Chair Butler General comments about the bill.

470 Rep. Berger Asks if a district must agree to transfer a student, or if they can opt-out.

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035 Chair Butler Responds that a district is not mandated to accept an IEP student. The resident district would transfer their allotted IEP funds to the accepting district.

- 044 Rep. Hass Discussion with Chair Butler about the need for this bill.
- 061 Rep. Komp MOTION: MOVES HB 2070 A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
- 066 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. MOTION PASSES 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BERGER, HASS, BUTLER. EXCUSED: OLSON.

CLOSES WORK SESSION FOR HOUSE BILL 2070 A

- 072 Chair Butler Adjourns meeting at 2:49 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

- 1. HB 3481, Handout: Pollution Control Tax Credits, Martin-Mahar, 3 pp., 06/09/05
- 2. HB 2070, Staff Measure Summary, Keller, 1 pg., 05/05/05
- 3. HB 2070, Revenue Impact Statement, Meyer, 1 pg., 04/21/05