

**SENATE REVENUE COMMITTEE**  
**JANUARY 19, 2005 9:00 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Rick Metsger  
Senator Floyd Prozanski

Members Excused: Senator Gary George  
Senator Bruce Starr, Vice Chair

Visiting Member: Senator Charles Starr

Staff Present: Paul Warner, Legislative Revenue Officer  
Mazen Malik, Economist  
Barbara Guardino, Committee Assistant

**TAPE 5, SIDE A**

004 Chair Deckert Calls meeting to order at 9:07 a.m. Introduces LRO economist Mazen Malik and Committee Assistant Barbara Guardino.

**INFORMATIONAL MEETING**

038 Mazen Malik Begins slide presentation, Excise Taxes 2005 Orientation, page 1 **(EXHIBIT 1)**.

058 Malik Discusses Tobacco Revenues, page 2. Cigarette Tax Rate.

106 Malik Discusses State Excise Tax Rates, page 3.

120 Malik Discusses 2003-04 Revenue pie chart, page 4.

130 Malik Discusses Distribution Proportions, Percents.

160 Chair Deckert Asks, does Health Department or DHS administer the tobacco use reduction account?

165 Malik Responds, DHS does this. Will find out how this is done.

177 Malik Discusses Cigarette Tax Revenue Forecast, page 5.

202 Malik Discusses Taxed Distributions, Cigarettes Packs in Hundreds of Millions.

240 Malik Discusses Price Per Pack in Cents, page 6.

254 Malik Discusses Other Tobacco Products.

270 Malik Discusses Tax on Cigars, page 7.

277 Malik Discusses 2003-04 Revenue, pie chart separating general fund, health plan, and compliance task force.

317	Sen. Metsger	Asks what impact change of cigar taxation in 1999 has made on collection of taxes. Comments concerning people buying cigars over Internet taking away state taxes.
336	Malik	Responds, evidence does not seem to suggest a drop in revenue numbers. However, most telling difference is in tobacco enforcement.
360	Paul Warner	Comments, with Measure 20 there was a jump in cigarette prices but not in other tobacco.
370	Sen. Metsger	Comments that one argument was that Internet purchases would take away Oregon business.
390	Malik	Comments on black markets.
404	Chair Deckert	Notes, there may be a bill on this issue.
429	Malik	Resumes slide presentation. Total Tobacco Revenue, page 8.
440	Malik	Discusses Master Settlement Agreement; 47 States; Cigarette Manufactures.
470	Malik	Discusses Estimated Payments, page 9.

**TAPE 6, SIDE A**

039	Malik	Continues discussion on Estimated Payments.
059	Malik	Discusses Payments, Millions of Dollars, page 9.
106	Malik	Discusses Alcoholic Beverages – history on taxes on beer and cider, wine, distilled spirits, page 10.
132	Malik	Discusses State Rates (Excise) as of 1/1/04, page 11.
154	Malik	Discusses 2003-04 Beer Tax, pie chart, page 12.
164	Malik	Continues discussion on Beer Tax Revenue, Millions of Dollars.
169	Chair Deckert	Asks for future comparisons of Oregon and top producer states.
198	Malik	Discusses Wine Tax Rates, page 13, distinguishes between alcohol rates in table wine and dessert wine.
208	Malik	Discusses State Wine Tax Rates, Dollars per Gallon, Oregon's position in relation to other states. Fields questions from audience.
234	Malik	Resumes discussion, State Wine & Sales Tax Rates, page 14.
247	Malik	Discusses Wine Tax Revenue (History), page 15, regarding consumption of table wine and dessert wine.
283	Malik	Resumes discussion, OLCC Liquor Markup, page 15.
298	Malik	Discusses OLCC Sales, page 16, compares gallons per capita from 1978-2003.

338	Malik	Explains 2003-04 OLCC Revenue pie chart.
357	Malik	Discusses Distribution Formula, page 17, including discussion of Privilege Tax and OLCC Net Revenue. Total tax distribution is \$119.2 million distributed, as shown in pie chart.
396	Malik	Discusses OLCC Distributions (Historically) Millions of Dollars; 9-1-1-Emergency Access Tax. Page 18.
405	Malik	Discusses 9-1-1- Revenue, Millions of Dollars, page 19.
425	Chair Deckert	Comments, it would be worth looking into how the 9-1-1 fund has grown, and whether that money is available for other purposes. Requests breakdown of fund and who benefits. Follow-up questions.
436	Warner	Will work on obtaining this information.

**TAPE 5, SIDE B**

041	Malik	Resumes discussion on page 19, Fuel Taxes. Page 19.
060	Sen. Prozanski	Asks for clarification in regard to how the rebate process works for an individual who is using fuel for other than a motor vehicle or aircraft.
065	Malik	Responds, that is correct.
075	Malik	Resumes discussion on fuel taxes; includes gasoline and diesel fuel.
095	Malik	Directs members' attention to Motor Vehicle Fuel Tax Rate, page 20. Compares cents per gallon, fuel and real dollars.
133	Malik	Discusses Fuel Tax Revenue in millions of dollars.
162	Malik	Begins discussion on Weight-Mile Taxes, page 21. These taxes are evaluated based on weight of a vehicle on pavement.
195	Sen. Prozanski	Comments, there are rigs now have higher weights than shown in the chart. Asks, do they have a special tax rate?
205	Malik	Replies, yes.
207	Malik	Continues discussion on Weight-Mile Tax Rates chart, adjustments for 2003 law changes.
218	Sen. Prozanski	Comments, some trucks have more wheels and are using wider tires. Has this situation ever been discussed?
224	Malik	Responds, the figures in the chart are based on engineering studies.
234	Malik	Discusses In Lieu Taxes, page 22. Flat Fees, Road Use Assessment Fee.
255	Malik	Discusses Weight-Mile Tax Revenue chart, millions of dollars.
265	Malik	Turns discussion to Transient Lodging Tax, page 23. Discusses HB 2267 of 2003 legislative session.

307	Malik	Continues discussion of Transient Lodging Tax, Revenue Estimates in millions.
325	Malik	Discusses Transient Lodging Tax, Average Rate 8.0%, page 24. Local Tax Receipts. Wraps up slide presentation.
348	Sen. Metsger	Summarizes, this is a profile of a typical Oregonian.
372	Chair Deckert	Asks questions concerning car rental relating to July 18 presentation. How does Oregon's car rental industry compare to its border states? Follow-up questions.
432	Malik	Responds, he will find these numbers and get back to the committee.
462	Chair Deckert	Adjourns meeting at 10:29 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Reviewed by Kim Taylor James

Exhibit Summary:

1. Excise Taxes 2005 Orientation, Malik, 24 pp.