

**SENATE REVENUE COMMITTEE  
MARCH 22, 2005 8:30 AM STATE CAPITOL BUILDING**

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

Members Excused: Senator Gary George

Witnesses Present: Kate Richardson, State Treasury  
Michael Parker, College Savings Network  
Bob Cassidy, Lane County  
Don Bishoff, Legislative Assistant to Sen. Bill Morrisette  
Sen. Ben Westlund, District 27  
Kaelyn Smith, former Central Oregon CC student  
Tammy Chappell, COCC student  
Rachel Nolin, COCC student  
Ryan Swearingen, Portland State University graduate student  
Shane Van Matre, Western Oregon University student, Redmond  
Linda Swearingen, Bridge to Hope Ministries, Redmond

Staff Present: Paul Warner, Legislative Revenue Officer  
Lizbeth Martin-Mahar, Economist  
Barbara Guardino, Committee Assistant

**TAPE 73, SIDE A**

005 Chair Deckert Calls meeting to order at 8:35 a.m.

**PUBLIC HEARING, SB 25**

013 Lizbeth Martin-Mahar Gives overview of SB 25 (**EXHIBITS 1-2**). Allows the Treasury Department the ability to accept donations for awarding scholarships, grants and other incentives to account owners and their beneficiaries. Excludes Oregon College Savings Network and Board from public contracting law. Date March 1, 2005 is an error.

**PUBLIC HEARING, SB 34**

025 Martin-Mahar Gives overview of SB 34 (**EXHIBITS 3-4**). Deals with Oregon College Savings Account. Doubles the annual cap amount that a taxpayer can claim as an Oregon tax subtraction for their contributions to the Oregon college savings account to \$4,000 for joint tax returns and \$2,000 for other tax returns.

080 Martin-Mahar Will update numbers on chart on exhibit 3.

084 Vice Chair C. Starr Asks for clarification on income deduction versus credit.

090 Martin-Mahar Responds, The \$2,000 is an income deduction, not a credit.

110	Michael Parker	Testifies in favor of SB 25. See written testimony paraphrased <b>(EXHIBIT 5)</b> .
142	Parker	Notes improvements to the College Savings Network that the bill accomplishes: 1) Allows the Network the authority to create scholarships, grants and other incentives with the goal of increasing awareness of and participation in the program. 2) Aligns the Network and the College Savings Board with the remainder of the agency in relation to the public contracting code.
166	Sen. Metsger	Question concerning lines 25-26 in regard to accepting donations. Why is that needed?
173	Parker	Explains this section.
195	Kate Richardson	Oregon State Treasury sees SB 25 as an outreach to minorities.
208	Richardson	Begins testimony on SB 34 verbatim <b>(EXHIBIT 6)</b> . Oregon ranks near the bottom of 26 states that offer a college deduction. A deduction of \$2,000 per person is not only fair; it helps offset the rising cost of tuition and other college-related expenses. Oregonians would save more every year if the deduction were increased.
247	Parker	Answers Vice Chair Starr's earlier questions on the basic mechanics of the bill. Research shows, the higher the deduction the higher the contribution. Nearly half of those eligible don't claim the deduction.
284	Vice Chair C. Starr	Asks how this would affect grandparents who contribute to their grandchildren's education accounts.
299	Richardson	They would only be able to claim \$2,000 regardless of number of accounts. Removing the marriage penalty under this bill would increase that amount to \$4,000.
307	Chair Deckert	Committee will look at credits and expenditures over the next two weeks. Will ask whether each bill helps those Oregonians who need the most help, and also how to offset proposed budget decreases.
319	Richardson	Treasurer understands the committee has tough choices to make.
324	Parker	If Oregonians decide not to use the money for education, they must pay the money back.

**PUBLIC HEARING, SB 325**

320	Martin-Mahar	Gives overview of bill <b>(EXHIBITS 7, 8)</b> Establishes a new corporate tax credit for an employer that pays all or a portion of the community college tuition of the company's employees.
390	Don Bishoff	Testifies in favor of SB 325 on behalf of Sen. Bill Morrisette, District 6. SB 325 has bipartisan support. Questions the accuracy of the revenue impact statement.
422	Bob Cassidy	Testifies in favor of SB 325. See written testimony <b>(EXHIBIT 9)</b> ,

Highlights of the Work to Learn Bill. Suspects many of the beneficiaries will be English as a Second Language (ESL) students. Small businesses and low-wage workers are difficult to reach. If this bill is not used, it will dissolve in four years; if it works, supporters will be back to request a renewal.

**TAPE 74, SIDE A**

- 045 Vice Chair C. Starr Comments, the cost is for two years, not one year.
- 051 Cassidy Admits it will be difficult to project the cost. For this reason, a sunset clause is necessary.

**PUBLIC HEARING, SB 394**

- 058 Martin-Mahar Gives overview of SB 394 (**EXHIBIT 10**) Establishes a new personal income tax credit for taxpayers who pay for community college or public or private college tuition.
- 086 Sen. Ben Westlund Commends college students from his district who sponsored this bill.
- 093 Kaelyn Smith Testifies in favor of SB 394. See written testimony (**EXHIBIT 11**) verbatim. Gives reason behind supporting this bill. It is designed for students who support themselves while going to school.
- 135 Tammy Chappell Testifies in favor of bill. See written testimony (**EXHIBIT 12**) verbatim. Former methamphetamine addict who has gotten her life together. Bill would relieve pressure for her family and others in recovery.
- 161 Chair Deckert Thanks Smith and Chappell for their inspirational stories.
- 169 Sen. Westlund Believes these students have made the strongest case for this bill. It applies directly to the students who earn the money.
- 186 Chair Deckert Was not aware other states provide this credit.
- 199 Rachel Nolin Asks committee for support of SB 394. See written testimony (**EXHIBIT 13**) verbatim. State will reap greater benefits in the long-term. Ten years ago she attended community college for \$500 per term for tuition and fees. This year it is over \$1,000.
- 255 Chair Deckert Asks if she receives the Oregon Opportunity Grant. A lot of full-time working students would qualify for it. Lawmakers are looking to expand it.
- 269 Ryan Swearingen Testifies in favor of bill. See written testimony (**EXHIBIT 14**) verbatim. This bill encourages individuals in the workforce to further their education. Students must pay state taxes to receive this benefit.
- 329 Shane Van Matre Testifies in favor of SB 394. See written testimony (**EXHIBIT 15**) verbatim. Works three jobs to pay his way through college. His parents can't help him and he doesn't want to rely on loans. Financial impact on the state is minimal. His education will result in a higher paying job.
- 397 Linda Swearingen Gives background on how this bill was created in her political science class. This is truly a student-driven bill.

- 432 Vice Chair C. Starr Commends the students for their work with this bill. It is a small contribution by the state and would be appropriate.
- 456 Sen. Prozanski Concurr with Vice Chair Starr. Oregon's lack of help to working students is a travesty. This will provide long-term payback.

**TAPE 73, SIDE B**

- 033 Sen. Metsger Comments on bill, lines 6-7. The tax credit should be targeted toward occupational growth or a degree. Expresses concern the credit could be misused.
- 041 Sen. Westlund Agrees. This is a self-selecting group of students who are dedicated enough to advance themselves professionally.
- 062 L. Swearingen Suggests putting a reporting mechanism in the bill to review it next legislative session, and perhaps consider a sunset to see if abuses occur.
- 069 Sen. Westlund Fiscal impact on the state is small.
- 076 Chair Deckert Comments, he has to "be the bad guy" on tax credit bills. This bill impresses him, although the committee has to be careful in providing any tax cuts this session. However, the students have made a very compelling case that deserves consideration.
- 091 Chair Deckert Closes public hearing on SB 394. Adjourns meeting at 9:35 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 25, Revenue Impact of Proposed Legislation, Martin-Mahar, 1 pp.
2. SB 25, Staff Measure Summary, Martin-Mahar, 1 pp.
3. SB 34, Revenue Impact of Proposed Legislation, Martin-Mahar, 1 pp.
4. SB 34, Staff Measure Summary, Martin-Mahar, 1 pp.
5. SB 25, College Savings Network, Testimony in Support of Senate Bill 25 Submitted to Senate Revenue Committee March 22, 2005 by Michael Parker, Executive Director, 2 pp.
6. SB 34, State of Oregon Office of the State Treasurer, RE: Senate Bill 34, Richardson, 1 pp.
7. SB 325, Staff Measure Summary, Martin-Mahar, 1 pp.
8. SB 325, Revenue Impact of Proposed Legislation, Martin-Mahar, 1 pp.
9. SB 325, Highlights of the Work to Learn Bill: S.B. 325, Cassidy, 1 pp.
10. SB 394, Staff Measure Summary, Martin-Mahar, 1 pp.
11. SB 394, Testimony Before the Senate Revenue in Support of SB 394, Submitted by Kaelyn M. Smith, March 22, 2005, 2 pp.
12. SB 394, Testimony Before the Senate Revenue in Support of SB 394, Submitted by Tammy Chappell, March 22, 2005, 1 pp.
13. SB 394, written testimony of Rachel Nolin, 1 pp.

14. SB 394, Testimony Before the Senate Education and Workforce Committee in Support of SB 394, Submitted by Ryan Swearingen, March 9, 2005, 1 pp.
15. SB 394, Testimony Before the Senate Revenue Committee in Support of SB 394, Submitted by Shane Van Matre, March 22, 2005, 2 pp.
16. SB 394, submitted written testimony by Debie Griffith, Bend, March 22, 2005, 1 pp.