

**SENATE REVENUE COMMITTEE**  
**APRIL 13, 2005 9:00 AM STATE CAPITOL BUILDING**

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

Witnesses Present: Kate Richardson, State Treasury  
 Laurie Wimmer Whelan, Oregon Education Association  
 Julie Brandis, Associated Oregon Industries

Staff Present: Paul Warner, Legislative Revenue Officer  
 Steve Meyer, Economist  
 Barbara Guardino, Committee Assistant

**TAPE 95, SIDE A**

005 Chair Deckert Calls meeting to order at 9:10 a.m.

**WORK SESSION, SB 845**

010 Steve Meyer Begins review of SB 845 and SB845-1 amendments, concerning unused gift card balances as unclaimed property.

025 Meyer Begins explanation of SB 845-2 amendments (**EXHIBIT 1**). Explains, SB 845-1 amendments are dropped from SB 845-2 other than the definition of a gift card.

035 Chair Deckert Welcomes Marine Corps Capt. Matthew Hicks, son of Committee Assistant Barbara Guardino, back home after a tour of duty in Iraq.

055 Kate Richardson Testifies in support of SB 845-2 amendments on behalf of Oregon State Treasurer. Understands that the SB 845-1 amendments raised some unintended issues, which is why the SB 845-2 amendments were written. A section in SB 845-1 amendments was not consistent with current law in treating gift cards as other unclaimed property. Abandoned property will go to the rightful owner at the owner's address. If an address is not known, it will go to the state of corporate domicile.

097 Richardson Continues, another part of the SB 845-1 removed is the "75% rule." This might pose a question of legality.

107 Sen. Prozanski Clarifies, are we trying to incorporate part of SB 845-1 or replacing it with SB 845-2?

111 Chair Deckert No, SB 845-1 has been completely removed.

116 Richardson Continues, SB 845-2 amendments are an expansion of the definition of a gift card, and narrow what a gift card is: electronic with magnetic

		stripes or processor chips and not paper. They are not gift certificates, and therefore will be treated as unclaimed property.
126	Chair Deckert	It appears SB 845-2 amendments are very similar to the original bill.
136	Sen. George	Uses example of a gift card he owns from Harley Davidson and what is written on it. It is redeemable only for merchandise, not cash or credit. Asks how the can state look at such agreements and determine the value of a card if it is unused.
141	Richardson	Responds, the effective date of the bill would not impair any existing contracts.
150	Sen. George	Follow-up questions.
161	Richardson	This bill ensures the owner would have access to the card even if it became lost.
168	Sen. George	Has there been any calculation on how much the state achieves by being able to tax the income when the card is moved into an income category?
175	Chair Deckert	Committee can look at that.
178	Sen. Prozanski	Explains how this would work. Companies would have disclaimers similar to "except where prohibited by law."
187	Richardson	Gift cards are exploding in popularity and that is why this bill has generated so much interest. The public policy choice before the committee concerns whether unclaimed portions of cards would benefit private industry or public trust.
206	Laurie Wimmer Whelan	Asks the committee to adopt the SB 845-2 amendments and the bill. Comments on another way the two amendments differ, concerning exempting nonprofit gift cards. This has been removed. Points out, it is increasingly true that an area code, telephone number or zip code are commonly collected at point of purchase. Reverting back to original language of the bill won't result in a great loss of unclaimed property.
243	Richardson	Clarifies, the address is the state of the purchaser/owner.
254	Julie Brandis	Testifies, the SB 845-2 amendments do not address AOI's concerns. Clarifies questionable comments she made at the last hearing. The disclaimer will include the state, which is good. It is not a requirement to ask for zip, phone and address, so finding the last known owner will be difficult. How will the state track the loading and unloading of these cards? Also the purchase of gift cards over the Internet poses a problem.
289	Brandis	AOI members ask that committee be clear on the record that they don't intend to regulate reward cards. They are not gift cards but they resemble them based on this bill.
303	Chair Deckert	It should be clear that this does not reflect reward cards.
316	Sen. Prozanski	<b>MOTION: MOVES ADOPTION OF SB 845-2.</b>

318	Sen. Prozanski	Comments he has vacillated on this bill. It is clear now that Treasury has looked into the transaction issue and it's off the table. He also couldn't accept the distinction in handling of for-profit and nonprofit cards. Now with the determination where the unclaimed property will go, he believes this a reasonable bill.
349	Vice Chair C. Starr	Will not oppose SB 845-2 amendments, but continues to oppose the bill. Businesses have less reportable profit and may have to raise prices on merchandise because of extra steps they have to take with unused portions of cards. This is not a great idea for raising revenue for schools.
379	Chair Deckert	<b>ORDER: THERE BEING NO OBJECTIONS THE CHAIR SO ORDERS.</b> <b>VOTE: 5-0-0</b> <b>MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT</b>
390	Sen. Prozanski	<b>MOTION: MOVES SB 845 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.</b> <b>ORDER:3-2-0</b> <b>MEMBERS VOTING AYE: METSGER, PROZANSKI, DECKERT</b> <b>MEMBERS VOTING NO: GEORGE, C. STARR</b>
410	Sen. George	Serves notice of a possible minority report. Contends this bill can be turned into something productive.
426	Chair Deckert	Closes work session on SB 845. Adjourns meeting at 9:40 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 845, proposed -2 amendments, 4/12/05, Meyer, 1 pp.