

SENATE REVENUE COMMITTEE
APRIL 19, 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: Debra Buchanan, Dept. of Revenue
Ed Johnston, Lane County

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

TAPE 99, SIDE A

005 Chair Deckert Calls meeting to order at 9:07 a.m. Committee will continue work on SB 841-A which establishes a reserve fund.

WORK SESSION, SB 841

019 Chair Deckert Resumes discussion of an open motion made April 14 to adopt SB 841-3 amendments. The discussion was whether the money should go to the general fund after the 5% cap is reached in 2010, or be placed into the school capital matching grant, which is where it would go today.

032 Sen. Metsger Supports moving SB 841-4 amendments (**EXHIBIT 1**). He has argued that it would be a good idea to establish a separate and distinct reserve fund, even though the stability fund accomplishes that purpose. Lawmakers have not articulated well to the public that this accomplishes it. A stability fund is fine. The problem is, if the economy ticks upward, the state could meet the 5% cap in 48 months. That would not build the fund to the point where state wants it to go. Concerning raising the cap in the future, why wait? Suggests sending it to the voters in two years, since they support the idea of saving money while supporting education. Supports moving SJR 19 simultaneously with this amended bill to increase the cap.

061 Chair Deckert Clarifies SB 841-3 contains a stability fund and excess after 5% goes into the general fund. SB 841-4 amendments say status quo. Third, as proposed by Sen. Metsger, is going to the voters. Asks for further discussion.

071 Vice Chair C. Starr Comments, the need for a stability fund or reserve fund is bipartisan. It would be wise to move ahead with this and convince the public of the need to raise the cap. Supports Sen. Metsger's proposal.

- 085 Chair Deckert The question is whether to go to voters now and risk losing the vote, or go to them later.
- 090 Sen. Prozanski Prefers taking it to voters now, so lawmakers will know what they have to do in the 2007 session. People might be more receptive now, before the economy becomes strong again. Supports Sen. Metsger's proposal. Suggests Sen. C. Starr rescind his motion for SB 841-3 amendments.
- 104 Sen. George This is a great idea. Looks as though all were thinking in the same direction.
- 113 Chair Deckert Sees no downside to putting this on the ballot.
- 120 Chair Deckert **ORDER: MOTION TO ADOPT SB 841-3 AMENDMENTS FAILS.
VOTE: 0-5-0
MEMBERS VOTING NO: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**
- 136 Vice Chair C. Starr **MOTION: MOVES ADOPTION OF SB 841-4 AMENDMENTS.**
- 140 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.
VOTE: 5-0-0
MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**
- 145 Vice Chair C. Starr **MOTION: MOVES SB 841 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**
- 161 Sen. Metsger Discussion: Believes it would be advisable to move SJR 19 as soon as possible so these bills can run parallel on the floor.
- 166 Chair Deckert Agrees, although is concerned whether the timing is feasible at this point in the session. Asks for further discussion.
- 177 Mazen Malik Correction, it was the SB 841-2 amendments that were adopted April 14, not the SB 841-1 amendments.
- 195 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.
VOTE: 5-0-0
MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**
- 202 Chair Deckert Asks committee's preference on whether to bump the cap to 8% or 10%. Committee agrees on 10%.

PUBLIC HEARING, HB 2448

- 207 Lizbeth Martin-Mahar Gives overview of HB 2448 (**EXHIBITS 2, 3, 4**). Permits the Dept. of Revenue to refund amounts determined to be overpayments on original tax returns which were filed more than three years after the due date.

- 236 Debra Buchanan Testifies, a person who has overpaid their taxes, who does not file a return on time, cannot get a refund if they ask for it more than three years after the due date. If they file more than three years after the due date and don't ask for a refund, DOR can give them a refund. **(EXHIBIT 5)**. This strange situation is brought about by the technical wording in the law.
- 256 Ed Johnston Partly supports this bill and partly not. It should be extended four years.

WORK SESSION 2448

- 273 Vice Chair C. Starr **MOTION: MOVES HOUSE BILL 2448 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION**
- 276 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.**
VOTE: 5-0-0
MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT

PUBLIC HEARING, HB 2451

- 285 Martin-Mahar Gives overview of HB 2451-A, working family child care tax credit **(EXHIBITS 6, 7, 8)**. Requires that the \$6,000 of earned income, to qualify for the working family child care tax credit, come from Oregon sources for nonresidents. Under current law, that \$6,000 can come from anywhere.
- 330 Buchanan Refers to handout **(EXHIBIT 9)** which refers to a nonresident in Vancouver, Wash, although this credit applies to any state. DOR is not sure what the legislature intended. This is a policy decision. Asks the committee for guidance.

WORK SESSION, HB 2451

- 411 Vice Chair C. Starr **MOTION: MOVES HB 2451-A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION**
- 425 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS.**
VOTE: 5-0-0
MEMBERS VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT
- 382 Chair Deckert Adjourns meeting at 9:35 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 841, Proposed S 841-4 Amendments, 4/15/05, staff, 1 pp.

2. HB 2448, Revenue Impact of Proposed Legislation, 4/19/05, Martin-Mahar, 1 pp.
3. HB 2448, Staff Measure Summary, 4/19/05, Martin-Mahar, 1 pp.
4. HB 2448, Staff Measure Summary issued to prior committee, 4/19/05, Martin-Mahar, 1 pp.
5. HB 2448, testimony of Debra Buchanan, Dept. of Revenue, 4/19/05, 1 pp.
6. HB 2451-A, Revenue Impact of Proposed Legislation, 4/19/05, Martin-Mahar, 1 pp.
7. HB 2451-A, Staff Measure Summary, 4/19/05, Martin-Mahar, 1 pp.
8. HB 2451-A, Staff Measure Summary issued to prior committee, 4/19/05, Martin-Mahar, 1 pp.
9. HB 2451-A, testimony of Debra Buchanan, Dept. of Revenue, 4/19/05, 1 pp.