

**SENATE REVENUE COMMITTEE**  
**JUNE 8, 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: Michelle Deister, League of Oregon Cities  
Dexter Johnson, Legislative Counsel  
Marge Kafoury, City of Portland  
Ralph Groener, AFSCME  
Rep. Linda Flores, District 51  
Tina Kotek, Children First for Oregon  
Julia Brim-Edwards, Nike Inc.

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

**TAPE 135, SIDE A**

005 Chair Deckert Calls meeting to order at 9:08 a.m. Committee will pass out SB 412-A (urban renewal) today.

**WORK SESSION, SB 412-A**

015 Chair Deckert Notes SB 412-A5 amendment, which deletes the opt-out provision, has already been heard. Asks Michelle Deister to discuss SB 412-A6 amendment.

019 Michelle Deister Testifies in support of SB 412-A6 amendment (**EXHIBIT 2**), which removes language inserted in the bill that relates to duration. An end date on an urban renewal plan can cause difficulties. An urban renewal agency cannot control when a private sector business chooses to make an investment. Currently, there is a limit on how big a debt can get. Maximum indebtedness gives agencies the flexibility to pay off a bond. SB 412-A6 alleviates concerns that some projects would not be completed. Businesses won't want to invest with uncertainty.

052 Sen. Metsger Asks for an explanation of line 12 of SB 412-A6 amendment, which deletes current statute (page 6, lines 1-27 of the bill).

062 Deister Will check, but does not believe this deletes current statute.

082 Dexter Johnson Explains that page 6, lines 1-27 is not deleted from current law, it is simply deleted from the bill.

099 Sen. Prozanski Asks Deister to explain why the contents of SB 412-A6 were not

103	Deister	brought up sooner during the group meeting. Responds, this issue was discussed in the work group but there was no consensus.
107	Chair Deckert	Asks for an example of when deleting the duration would be a problem.
110	Deister	Describes a situation on South Waterfront in Portland, where Congress is delaying transportation funds and there is no way to complete the project.
123	Marge Kafoury	Expands on South Waterfront situation. Bonds are sold based on what the investment is expected to be. Without the investment, projects have to be scaled back.
140	Vice Chair C. Starr	Favors passing the SB 412-A6 amendment today.
151	Sen. Prozanski	Agrees with Sen. C. Starr, but asks for consideration of a periodic review for how long projects are extended.
181	Sen. George	Asks, who would determine whether a project needs to be ended or extended?
188	Deister	The urban renewal agency makes that decision.
197	Sen. Prozanski	Continues comments on adding a review.
221	Vice Chair C. Starr	<b>MOTION: MOVES ADOPTION OF SB 412-A5 AMENDMENT.</b>
223	Chair Deckert	<b>ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1. VOTING AYE: GEORGE, PROZANSKI, C. STARRT, DECKERT. EXCUSED: METSGER.</b>
226	Vice Chair C. Starr	<b>MOTION: MOVES ADOPTION OF SB 412-A6 AMENDMENT.</b>
228	Chair Deckert	<b>ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1. VOTING AYE: GEORGE, PROZANSKI, C. STARRT, DECKERT. EXCUSED: METSGER.</b>
230	Vice Chair C. Starr	<b>MOTION: MOVES SB 412-A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.</b>
232	Chair Deckert	<b>ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1. VOTING AYE: GEORGE, PROZANSKI, C. STARRT, DECKERT. EXCUSED: METSGER.</b>

#### **PUBLIC HEARING, HB 2951-A**

244	Lizbeth Martin-Mahar	Gives overview of HB 2951-A ( <b>EXHIBIT 4</b> ). Extends the current law sunset date of January 1, 2007 on the dependent care assistance income tax credit to January 1, 2027. Extending the sunset will have an additional revenue impact ( <b>EXHIBIT 5</b> ).
260	Chair Deckert	Asks why the House Revenue Committee set the extension at 20 years.
269	Martin-Mahar	Responds, there was no discussion on the actual number. This is an

A-engrossed bill; the original bill deleted it.

- 272 Sen. Prozanski Asks how long it's been since the sunset was in place. Follow-up questions.
- 276 Martin-Mahar Will get that information.
- 288 Vice Chair C. Starr Comments, 20 years is a good alternative to removing the sunset altogether. Is willing to move the bill as-is today.
- 315 Sen. George Comments, we need to encourage child care, not discourage it.
- 340 Ralph Groener Testifies in favor of the bill on behalf of the union. Notes a conflict of interest with this bill. Day care tax credit benefits companies and the state. AFSCME would appreciate expansion of this program.
- 388 Rep. Linda Flores Testifies that this bill benefits employees and is an incentive to employers. It helps child care become a viable commodity. Day care providing businesses tell her how helpful this tool is as an incentive to their employees. Employment turnover is lowered. Urges support for HB 2951-A.
- 442 Tina Kotek Discusses One Voice for Child Care Coalition. See handout (**EXHIBIT 7**). The coalition supports the 20-year extension, and would like to see greater utilization of this credit and the sunset extended. Refers to a memo that lists types of businesses that use the credit (**EXHIBIT 8**).

**TAPE 136, SIDE A**

- 020 Julia Brim-Edwards Testifies on behalf of Nike. Reads written testimony (**EXHIBIT 9**) paraphrased. The Joe Paterno Child Development Center on Nike's campus in Beaverton has a large waiting list, and Nike wants to expand the center. Encourages the committee to pass this bill.
- 051 Chair Deckert Asks whether Nike would be expanding child care without extension of the sunset on this program.
- 057 Brim-Edwards Responds, it's a qualitative issue for Nike, but for other companies it makes the difference between child care and no child care.
- 066 Rep. Flores Adds, day care owners she has spoken to say it would be difficult for them to enlist employees without this benefit. Not having this credit would have a severe impact on smaller employers.
- 076 Kotek Concurs. Without this tax credit, small businesses might stop providing child care.
- 084 Sen. Prozanski Asks what can be done to get more companies to use this. Only 26 companies have accessed it.
- 092 Kotek One reason for the lack of use is that larger businesses have other deduction opportunities. As far as doing better, the legislature can continue to let businesses know this is available.
- 107 Brim-Edwards Suggests working with business associations to raise awareness.
- 117 Chair Deckert Asks if there is a carry-forward.

120	Martin-Mahar	Responds, it is five years.
126	Chair Deckert	Will talk to the sponsor about drafting an amendment for a 10-year sunset. Closes public hearing. Adjourns meeting at 9:45 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. SB 412-A, Staff Measure Summary for SB 412-A5, Ayala, 6/8/05, 1 pp.
2. SB 412-A, Amendment SB 412-A6, Legislative Counsel, 6/7/05, 1 pp.
3. SB 412-A, Staff Measure Summary for SB 412-A6, Ayala, 6/8/05, 1 pp.
4. HB 2951-A, Staff Measure Summary, Martin-Mahar, 6/8/05, 1 pp.
5. HB 2951-A, Revenue Impact of Proposed Legislation, Martin-Mahar, 4/21/05, 1 pp.
6. HB 2951-A, Staff Measure Summary, Martin-Mahar, 4/27/05, 1 pp.
7. HB 2951-A, ONE VOICE for Child Care, Kotek, 6/8/05, 1 pp.
8. HB 2951-A, memo from Heidi McGowan, Commission for Child Care, Kotek, 6/8/05, 1 pp.
9. HB 2951-A, testimony of Julia Brim-Edwards, 6/8/05, 2 pp.
10. HB 2951-A, written testimony of Nanette Bittler, 1 pp.