

PUBLIC HEARING & WORK SESSION
SB 1083, HB 2542-A
PUBLIC HEARING HB 3481-B
TAPES 158 A, 159 A

SENATE REVENUE COMMITTEE
JULY 7, 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: Tim Nesbitt, Oregon AFL-CIO
Don Schellenberg, Oregon Farm Bureau
Scott Ashcom, Oregon Agriculture Alliance
Tamara Brickman, Oregon Employment Department
Dexter Johnson, Legislative Council Office
Matt Blevins, Oregon Environmental Council

Staff Present: Paul Warner, Legislative Revenue Officer
LizBeth Martin-Mahar, Economist
Linda K. Gatto, Committee Assistant

TAPE 158 SIDE A

005 Chair Deckert Calls the meeting to order at 9:10 a.m. Announces that HB 3232 will not be heard today. Opens the public hearing on SB 1083.

SB 1083 – Public Hearing

016 Chair Deckert Seeing and hearing no one to testify on SB 1083 closes the public hearing and opens a work session on SB 1083.

SB 1083 – Work Session

018 Paul Warner Legislative Revenue Officer. Explains the revenue implications of the -3 amendments (**EXHIBIT 1**). Reviews the chart showing the revenue impact of the credit against minimum wage increases (**EXHIBIT 2**).

054 Sen. Metsger Asks if the -3 amendments address concerns raised yesterday about encompassing broader activities outside agriculture. Asks about the marketable credit.

068 Warner Answers marketable credit is targeted to those at minimum wage and includes the group of agriculture industries included in the original SB 1083. States that the marketable credits are for those firms that have a net income.

101 Warner Adds that marketable credits sell for 80 to 90 cents on the dollar.

104 Sen. C. Starr Discusses the growth of employees earning minimum wage in agriculture and the increased use of mechanized harvesting. Asks where is the job growth in agriculture.

115 Warner Explains that this estimate is not scientifically derived. The Economic and Revenue forecast is based on the non-farm payroll employment survey. Explains that his estimate (**EXHIBIT 2**) is based on 1% growth a year which implies shrinkage relative to influences in the economy.

138	Sen. C. Starr	MOTION: Moves to ADOPT SB 1083-3 amendments dated 7/6/05.
140	Sen. Prozanski	Refers to testimony yesterday regarding the broadness of the application of the credit; that it was his impression it was being narrowed.
154	Tim Nesbitt	President, AFL-CIO Oregon. Senses a common purpose to subsidize certain employers to support and keep jobs.
184	Sen. George	Recalls that initially he thought it would be possible to provide health care for some of those workers. States that agriculturist cannot transfer additional costs to the consumer.
195	Nesbitt	Agrees that it could be proposed that the subsidy be limited to the jobs that provide health care.
201	Sen. Metsger	Reads the list of agricultural industries that are included. Supports narrowing the definition to the first paragraph.
234	Sen. C. Starr	Agrees to a degree; notes there are family farmers trying to make a living from the land.
262	Don Schellenberg	Oregon Farm Bureau. Expresses that the entire agricultural industry is being hurt by an increased wage base. States that Idaho uses 700 H2A workers out of 33,000 to 35,000 peak employment and all are used as sheep herders or irrigators not in crop production and mostly at \$5.15 minimum wage.
334	Schellenberg	Comments on the credits and states support for the -3 amendments.
341	Scott Ashcom	Oregon Agriculture Alliance. States the purpose of SB 1083 is to stop attrition and migration of jobs out of state.
390	Ashcom	Adds that the Oregon Department of Agriculture determined last year that there was a loss of jobs and attributed that loss to the increase in minimum wage.
396	Chair Deckert	States some are globally competitive and there is no margin to pass on costs. States there are areas where the environments are competitive but not globally competitive such as honey bees.
424	Sen. C. Starr	Comments on the importance of honey bees to the agricultural industry in Oregon. Notes that farmers pay to have these bees and it is a competitive market.
461	Sen. Prozanski	Comments that he thought the tax credit would be focused on assisting those who are struggling to stay competitive and provide minimum wage jobs.
500	Tamara Brickman	Legislative Coordinator, Oregon Employment Department. Refers to the requirement to report the number of people employed within the definition. States that the department tracks covered employment and notes that not all agricultural employees are covered for purposes of unemployment insurance.

TAPE 159, SIDE A

052	Chair Deckert	States the bill will continue to be worked on.
059	Sen. C. Starr	Withdraws his motion on the -3 amendments.
060	Chair Deckert	Closes the work session on SB 1083 and opens the public hearing on HB 2542.

HB 2542 – PUBLIC HEARNG

067	Chair Deckert	Seeing and hearing no one to speak to HB 2542 closes the public hearing on HB 2542 and opens the work session on HB 2542.
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HB 2542 – WORK SESSION

070	Sen. Metsger	MOTION: Moves to ADOPT HB 2542-A13 amendments dated 6/30/05 (EXHIBIT 3).
073	Sen. C. Starr	Asks if the -13 amendments increase taxes, does it require a super

majority on the floor.

090 Chair Deckert Answers that this is not a revenue raising measure.

095 LizBeth Martin-Mahar Economist, Legislative Revenue Office. Explains that Oregon has not yet connected to the federal legislation, current law is as it is. Explains that one criterion to determine if the super majority is needed is whether the intent is to not raise taxes.

113 Dexter Johnson Legislative Counsel Office. Concludes that the reconnect bill, as presently constructed, is not a bill requiring the super majority. States that the primary purpose in this bill is to connect to recent changes in federal tax law.

131 Sen. George Inquires whether the original disconnect required a super majority vote and could it be an issue later.

136 Martin-Mahar Answers no, the original "A" engrossed bill had a very big revenue loss to the state.

143 Johnson States that the federal law was different then.

161 Sen. George Explains why he cannot support this.

168 **VOTE: 3-2-0**
AYE: 3 - Metsger, Prozanski, Deckert
NAY: 2 - George, Starr C.

170 Chair Deckert **The motion CARRIES.**

173 Sen. Metsger **MOTION: Moves HB 2542 to the floor with a DO PASS AS AMENDED recommendation.**

175 **VOTE: 3-2-0**
AYE: 3 - Metsger, Prozanski, Deckert
NAY: 2 - George, Starr C.

178 Chair Deckert **The motion CARRIES.**
SEN. DECKERT will lead discussion on the floor.

180 Chair Deckert Closes the work session on HB 2542. Recesses the meeting until ten minutes following the end of business of the morning floor session.

201 Sen. C. Starr States notice of possible minority report on HB 2542.

Meeting is recessed from 9:51 a.m. to 11:50 a.m.

209 Chair Deckert Reconvenes the meeting at 11:50 and opens the work session on SB 1083.

212 Sen. Metsger Explains the consensus on SB 1083 is to return to the original language as drafted in SB 1083 but equine stabling, horse shows and dog kenneling; things that are not traded sectors in agriculture are eliminated.

233 Chair Deckert Closes the work session on SB 1083 and opens the public hearing on HB 3481.

HB 3481 – PUBLIC HEARING

238 Matt Blevins Legislative Director, Oregon Environmental Council. Explains the -B19 amendments (**EXHIBIT 4**) are the -B17 amendments without the fee increase funding for clean emission school buses.

251 Sen. C. Starr Asks about the -B18 amendments (**EXHIBIT 5**).

255 Martin-Mahar Believes these are a further revision of the -B12 amendments. (See the outline of proposed amendments and staff measure summary (**EXHIBIT 6**).

284 Sen. George Asks if diesel vehicles would be eliminated.

306 Sen. Prozanski Asks if the -B19 amendments incorporate the -B18 amendments.

311 Blevins Explains that in the -B17 and -B19 amendments remove methanol from the band of fuel additives; the -B18 also added the methanol and bio-diesel plants to the siting exemption.

332 Sen. C. Starr Objects to the mandate.

334 Chair Deckert Expects that this will go to a conference committee. Suggests waiting

357	Martin-Mahar	until Friday giving everyone an opportunity to review the amendments. Notes that the Tri-Met pollution control tax credit is not in the -B19 amendments.
367	Chair Deckert	States that HB 3481 and SB 1083 will post for work sessions tomorrow following floor session.
387	Chair Deckert	Closes the public hearing on HB 3481 and adjourns the meeting at noon.

Tape Log Submitted by,

Linda K. Gatto, Committee Assistant

Exhibit Summary:

1. SB 1083, -3 amendments, staff, 4 pp
2. SB 1083, chart, staff, 1 p
3. HB 2542A, -A13 amendments, staff, 5 pp
4. HB 3481B, -B19 amendments, staff, 56 pp
5. HB 3481B, -B18 amendments, staff, 2 pp
6. HB 3481B, outline of proposed amendments and staff measure summary, staff, 5 pp