

HOUSE REVENUE COMMITTEE
FEBRUARY 7, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Mark Hass
Representative Max Williams

Members Excused: Representative Wayne Scott, Vice Chair
Representative Elaine Hopson
Representative Pat Farr

Witness Present: Chuck Sheketoff, Oregon Center for Public Policy
Rich Peppers, Service Employees International Union, Local 503
Tim Nesbitt, Oregon AFL-CIO
Laurie Wimmer Whelan, Oregon Education Association
Ralph Groener, AFSCME

Staff Present: Paul Warner, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 33, SIDE A

003	Chair Shetterly	Calls meeting to order at 9:05 am.
006	Shetterly	Refers members to Governing Magazine article and suggests the committee read the entire magazine which compares the tax structures of every state.
034	Chuck Sheketoff	Briefly discusses mission of the Oregon Center for Public Policy.
040	Sheketoff	Refers members to Boom, Bust, and Beyond: The State of Working Oregon 2002. Exhibit 1.
046	Sheketoff	Refers members to Things Don't Look Different Here. Exhibit 2.
050	Sheketoff	Refers members to Cutting Capital Gains Taxes Will Hurt, Not Help, Oregon's Economy. Exhibit 3.
056	Sheketoff	Refers members to article on Oregon State and Local Taxes in 2002. Exhibit 4.
058	Sheketoff	Refers members to Low Income Tax Guide Brochure. Exhibit 5.
071	Sheketoff	Discusses Oregon's economic growth and growth in poverty in the 1990's, pointing to graphs in Boom, Bust, and Beyond and Oregon State and Local Taxes in 2002. Exhibits 1, 4.
		Questions and answers interspersed.
127	Sheketoff	Discusses Oregon's current economic situation.

159	Sheketoff	Advises committee to reverse automatic reconnect.
183	Sheketoff	Advises committee to maintain inheritance tax laws.
253	Sheketoff	Advises committee to keep the capital gains tax.
283	Sheketoff	Advises committee to expand the earned income credit.
296	Sheketoff	Advises committee to increase the corporate minimum tax.
333	Sheketoff	Advises committee to adopt a corporate tax disclosure law.
399	Rep. Barnhart	Asks about Sheketoff's view on the economic impact of taxes.
435	Sheketoff	Gives several examples of corporations choosing to locate for reasons other than taxes and stresses that Oregon is "at the whim of the National economy."

Questions and answers follow.

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091	Rich Peppers	Gives broad overview of ideas to be presented by the panel and testifies that businesses locate because of public infrastructure rather than tax structure. Refer to written testimony. Exhibit 6.
201	Tim Nesbitt	Compares Oregon state and local taxes to other states and discusses shift in tax burden from businesses to working families. Exhibit 7.
275	Nesbitt	Cautions against major tax reform, such as a sales tax, claiming it will not be any more stable than the current system and will be more regressive.
295	Nesbitt	Gives testimony supporting equalizing the business tax rate to the personal income tax.
306	Nesbitt	Recommends looking at a statewide property tax and eliminating tax expenditures.

Questions and answers follow.

391	Laurie Wimmer Whelan	Refers members to written testimony (Exhibit 8), ECONorthwest report: K-12 Spending and the Oregon Economy (Exhibit 9), and a Discussion of the Effect of Tax Expenditures on Business Investment (Exhibit 10).
434	Whelan	Discusses impact of K-12 spending on the Oregon economy and jobs pointing to graphs in K-12 Spending and the Oregon Economy. Exhibit 8.

TAPE 33, SIDE B

045	Whelan	Recommends comprehensive tax reform, retiring existing tax expenditures, resisting the pressure to create more tax expenditures, repealing the rolling reconnect with the Federal Government, and providing full funding for public schools.
108	Ralph Groener	Expresses concern over the lack of county assessors, which leads to less revenue coming in to the state, as property is not put onto the roll in a timely fashion
160	Groener	Recommends building economic development corridors.
172	Groener	Recommends revisiting property tax caps from Measure 50.

191	Groener	Suggests the committee draft a Memorial for Congress saying that instead of creating tax cuts, the Federal Government should put the money into creating jobs that will help to rebuild public infrastructure.
239	Groener	Recommends raising the gas tax.
260	Groener	Strongly recommends that Oregon build industrial lands and streamline the process of building them.
307	Groener	Testifies that his most important message is that the public needs to be educated about Oregon's tax system in order for them to vote in support of any changes.
347	Rep. Hass	Asks about base closure commission. Discussion follows.
397	Rep. Shetterly	Asks for clarification on the meaning of comprehensive tax reform. Discussion follows.
460	Rep. Verger	Asks about enterprise zones. Discussion follows.

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061	Rep. Berger	States that she admires Groener for trying to educate Oregonians budget and revenue issues.
074	Rep. Shetterly	Meeting adjourned at 10:32 am.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Chuck Sheketoff, Boom, Bust, and Beyond: The State of Working Oregon 2002, 120 pp.
2. Chuck Sheketoff, Things Don't Look Different Here, 15 pp.
3. Chuck Sheketoff, Cutting Capital Gains Taxes Will Hurt, Not Help, Oregon's Economy, 15pp.
4. Chuck Sheketoff, Oregon State and Local Taxes in 2002, 2pp.
5. Chuck Sheketoff, Low Income Tax Guide Brochure, 2pp.
6. Rich Peppers, Written Testimony, 3pp.
7. Tim Nesbitt, Written Testimony, 12pp.
8. Laurie Wimmer Whelan, Written Testimony, 3pp.
9. Laurie Wimmer Whelan, K-12 Spending and the Oregon Economy, 43pp.
10. Laurie Wimmer Whelan, A Discussion of the Effect of Tax Expenditures on Business Investment, 2pp.