

**HOUSE REVENUE COMMITTEE**  
**APRIL 14, 2003 8:30 AM STATE CAPITOL BUILDING**

Members Present: Representative Lane Shetterly, Chair  
Representative Wayne Scott, Vice Chair  
Representative Joanne Verger, Vice Chair  
Representative Phil Barnhart  
Representative Vicki Berger  
Representative Pat Farr  
Representative Mark Hass  
Representative Elaine Hopson  
Representative Max Williams

Witness Present: Matt Blevins, Oregon Environmental Council  
Representative Deborah Kafoury, District 43  
Rebecca Shine, State Advisory Committee to the Childcare Division  
Laura Smith, Enterprise Foundation  
Dexter Johnson, Legislative Counsel

Staff Present: Paul Warner, Legislative Revenue Officer  
Lizbeth Martin-Mahar, Legislative Revenue Office  
Kathy Tooley, Committee Assistant

**TAPE 122, SIDE A**

004 Chair Shetterly Calls meeting to order at 8:40 a.m.

**OPENED WORK SESSION ON HB 2168**

024 Chair Shetterly Described -1 amendment (Exhibit 1), removes revenue impact for the coming biennium and provides HB 2168 as vehicle for Senate to restructure budget; Senate can return revenue impact.

038 Lizbeth Martin-Mahar Confirmed -1 amendment restores current law cap on the total amount and has no revenue impact.

039 Chair Shetterly Qualified assignee changes are still in place?

040 Martin-Mahar Answered affirmatively.

051 Rep. Verger **MOTION: MOVED ADOPTION OF THE -1 AMENDMENT INTO HB 2168.**

053 Chair Shetterly **ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT EXCEPT REP. HASS AND REP. WILLIAMS, EXCUSED).**

054 Rep. Verger **MOTION: MOVED HB 2168 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

057 **ROLL CALL: MOTION PASSED 7-0-2 (\*See Tape 122, Meter 102 and 156). REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hopson, Scott, Verger, Chair Shetterly. EXCUSED: Hass, Williams.**

059 Rep. Scott will carry the bill. (\*\*See Tape 122, Meter 156.)

**OPENED WORK SESSION ON HB 3033**

067 Martin-Mahar Provided description of HB 3033; -1 amendment deletes revenue impact.

089 Chair Shetterly **MOTION: MOVED ADOPTION OF THE -1 AMENDMENT INTO HB 3033.**

**ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT EXCEPT FOR REP. WILLIAMS, EXCUSED).**

098 Chair Shetterly **MOTION: MOVED HB 3033 TO THE WAYS AND MEANS COMMITTEE FLOOR WITHOUT RECOMMENDATION AS AMENDED.**

100 **ROLL CALL: MOTION PASSED 8-0-1. (\*\*See Tape 122, Meter 268.) REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Chair Shetterly. EXCUSED: Rep. Williams.**

103 Chair Shetterly Closed Work Session on HB 3033.

102 Chair Shetterly **MOTION: REQUESTS UNANIMOUS CONSENT TO RETURN TO THE WORK SESSION ON HB 2168, TO ALLOW REP. HASS TO VOTE. (\*See Tape 122, Meter 057.)**

**ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT, EXCEPT FOR REP. WILLIAMS, EXCUSED.)**

**REOPENED WORK SESSION ON HB 2168**

106 **REP. HASS VOTES AYE.**

107 Chair Shetterly Closes the Work Session on HB 2168.

**OPENED WORK SESSION ON HB 3183**

110 Martin-Mahar Described bill, changes the corporate apportionment formula, describes no revenue impact for coming biennium.

143 Rep. Verger **MOTION: MOVED HB 3183 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

146 **ROLL CALL: MOTION PASSED 8-0-1 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Chair Shetterly. EXCUSED: Rep. Williams (\*\*See Tape 122, Meter 273.)**

155 **Rep. Scott will carry the HB 3183.**

156 **Rep. Farr will carry HB 2168. (\*\*See Tape 122, Meter 059.)**

157 Chair Shetterly Closed Work Session on HB 3183

**OPENED WORK SESSION ON HB 2043**

170 Martin-Mahar Provided description of HB 2043, (Exhibit 4), -5 amendment, (Exhibit 5),

revenue impact for 2005-2009 (Exhibit 6).

- 210 Chair Shetterly Asked Matt Blevins if he had seen -5 amendments and if they incorporated what was intended.
- 213 Matt Blevins -5 amendments currently incorporate all amendments asked for in the bill.
- 222 Chair Shetterly Described individual amendments, -5 amendment incorporates -1 and -5.
- 224 Rep. Hass **MOTION: MOVED ADOPTION OF THE -5 AMENDMENTS INTO HB 2043.**
- ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT.)**
- 227 Rep. Hass **MOTION: MOVED HB 2043 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 233 Rep. Verger For the record, believes in mileage based insurance; "this bill is a good bill for urban areas and congested areas. I just cannot vote for it for my district, we are a rural area, we do not have alternative public transportation and we have people having to commute to Eugene and many miles just to get employment."
- 245 **ROLL CALL: MOTION PASSED 8-1-0**  
**REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Williams, Chair Shetterly. NO: Verger.**
- Rep. Williams will carry the bill.**
- Closed public hearing on HB 2043.
- 261 Chair Shetterly **MOTION: REQUESTS UNANIMOUS CONSENT TO RETURN TO THE WORK SESSION ON HB 2168, TO ALLOW REP. WILLIAMS TO VOTE.**
- 263 Chair Shetterly **ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT.)**

#### REOPENED WORK SESSION ON HB 2168

- 264 **REP. WILLIAMS VOTES AYE.**
- FINAL VOTE: MOTION PASSED 9-0-0 (\*See Tape 122, Meter 057)**
- 265 Chair Shetterly **Closed Work Session on HB 2168.**
- 267 Chair Shetterly **MOTION: REQUESTS UNANIMOUS CONSENT TO RETURN TO THE WORK SESSION ON HB 3033, TO ALLOW REP. WILLIAMS TO VOTE.**
- ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT.)**

#### REOPENED WORK SESSION ON HB 3033

- 268 Rep. Williams **REP WILLIAMS VOTES AYE.**

**FINAL VOTE: MOTION PASSED 9-0-0. (\*\*Tape 122, Meter 100.)**

269 Chair Shetterly Closed Work Session on HB 3033.

271 Chair Shetterly **MOTION: REQUESTS UNANIMOUS CONSENT TO RETURN TO THE WORK SESSION ON HB 3183, TO ALLOW REP. WILLIAMS TO VOTE.**

**ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS.  
(ALL MEMBERS PRESENT.)**

**REOPENED WORK SESSION ON HB 3183**

273 **REP WILLIAMS VOTES AYE.**

**FINAL VOTE: MOTION PASSED 9-0-0. (\*\*\*\*Tape 122, Meter 146.)**

275 Chair Shetterly Closed the Work Session on HB 3183.

**OPENED WORK SESSION ON HB 3184**

245 Martin-Mahar Provided description, discussed sunset, (Exhibit 7), -1, (Exhibit 8) and -2 (Exhibit 9) amendments for HB 3184.

370 Chair Shetterly Passed last session, due to technical problems was not implemented, the amendments corrected those problems.

372 Deborah Kafoury Spoke in support of HB 3184. Provided history, idea to make high quality childcare more affordable and accessible for Oregonians.

385 Chair Shetterly No policy changes, just technical changes to a bill that was unanimous in both House and Senate last year?

390 Rep. Kafoury Answered affirmatively.

392 Chair Shetterly Is there a revenue impact?

393 Martin-Mahar Discussed revenue impact due to extension of sunset (Exhibit 10).

395 Chair Shetterly That's out, nothing in this biennium?

399 Martin-Mahar Answered affirmatively.

402 Rebecca Shine Spoke in support of HB 3184, private sector resources to benefit child care. Funds would: Increase revenue for childcare businesses, decrease parent costs, and improve the quality of care. Attorney General's office recommended technical changes before implementation.

423 Laura Smith Recommends Committee move -2 amendments which combines -1 to allow Child Care Division to have leeway in setting the value of tax credit based on upcoming decision from Internal Revenue Service (IRS).

437 Chair Shetterly What's the tie-in to the IRS?

439 Laura Smith Asked IRS opinion if a contributor could take a tax credit and in addition take the Federal Charitable Contribution tax credit. Awaiting notification, have had favorable discussions with IRS. The Childcare Division by rule could lower the tax credit currently at \$1.50 return for every \$1 spent.

475	Debra Buchanan	There is a question with the AG's office as to whether contributions would be deductible for Oregon purposes if received federal credit.
494	Chair Shetterly	May require a further amendment?
495	Buchanan	Answered affirmatively.
503	Chair	Does it need to be a qualifying contribution for both a credit and deduction?
506	Shine	The -2 covers that to allow the Childcare Division to set the ratio appropriately pending IRS decision.

**TAPE 123, SIDE A**

040	Chair Shetterly	There's a separate state issue irrespective of what the IRS might rule?
043	Buchanan	Believe it's correct, concerned that contributor could receive both credit and deduction at the state level because do not have charitable intent as money is received back through credit.
047	Shine	Clarified, not looking for a deduction at the state level. Looking for credit at state level and potentially a federal deduction. Does that help?
050	Buchanan	Answered affirmatively.
052	Chair	Does it help enough? Or is an amendment necessary to clarify that intent?
053	Buchanan	That statement of intent is consistent with the AG's advice. A contributor would not qualify for a deduction on the Oregon return if claiming a credit for Oregon purposes.
055	Chair Shetterly	An amendment is not required?
056	Buchanan	Answered affirmatively.
055	Dexter Johnson	Discussed drafting concern regarding a double deduction risk at the state level. This would have to be done in the form of an additional subtraction. If IRS approves, an even larger benefit might be created.
072	Rep. Hass	Can the state obligate federal government as to what may or may not be deducted from federal taxes?
075	Johnson	No, the IRS will decide if the donation qualifies for a charitable deduction.
075	Rep. Barnhart	If the IRS says a contribution is deductible, Oregon by rule will establish a credit so that no one gets more than their money back?
087	Johnson	Discussed purpose of grant rule making authority is to adjust credit so there is a financial return. The intent is to return of more than 100%.
102	Chair Shetterly	Question and discussion regarding \$500,000.
112	Barnhart	Is part of the object to get the federal government to contribute to the process; why not an appropriation?
115	Rep. Kafoury	Did not anticipate credit as being a charitable contribution at the state level. The credit will be more than 1:1. Why is it not an appropriation? Goes back

to discussion on tax credits vs. appropriations.

126	Chair Shetterly	It was not anticipated or intended for this to be taken as a deduction in addition to a credit for state tax purposes?
132	Rep. Kafoury	Answered affirmatively.
133	Johnson	The bill and law takes the position that state law will follow federal law. It would allow a deduction if allowed for federal purposes. If the Committee did not want that, it would require a specific add-back.
141		Discussion regarding ad back.
144	Chair Shetterly	Would an additional amendment make that explicit?
146	Rep. Kafoury	Answered affirmatively. Goal to attract money from business and investors that has not been there; it has worked very well in affordable housing arena and could work well in the child care arena as well.
162	Chair Shetterly	Closed Public Hearing on HB 3184.
170	Chair Shetterly	Meeting adjourned at 9:20 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Chair Shetterly, "-1 Amendment HB 2168", 1 page
2. Martin-Mahar, "Staff Measure Summary HB 2168", 1 page
3. Martin-Mahar, "Staff Measure Summary HB 3033-1", 1 page
4. Martin-Mahar, "Staff Measure Summary HB 2043-5", 1 page
5. Martin-Mahar, "-5 Amendment HB 2043-5", 1 page
6. Martin-Mahar, "Revenue Impact HB 2043-5", 1 page
7. Martin-Mahar, "Staff Measure Summary HB 3184-1", 1 page
8. Martin-Mahar, "-1 Amendment HB 3184", 2 pages
9. Martin-Mahar, "-2 Amendment HB 3184", 4 pages
10. Martin-Mahar, "Revenue Impact HB 3184-1", 1 page