

HOUSE REVENUE COMMITTEE
APRIL 16, 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:

Patti Milne, Marion County Commissioner
James Balkema, Private Investor
John Phillips, Oregon Department of Revenue (DOR)
Diane Belt, Oregon Association of County Tax Collectors
Bob Vroman, Clackamas County Department of Assessment and Taxation
Gary Bartholomew, Oregon Association of County Tax Collectors,
Multnomah County employee
Representative Tom Butler, District 60
Representative Greg Smith, District 57
Representative Derrick Kitts, District 30
Senator Charlie Ringo, District 17
Representative Jackie Dingfelder, District 45
Matt Blevins, Oregon Environmental Council
David Williams, Oregon School Employees Association,
Oregon Revenue Coalition
Lynn Partin, Oregon Housing and Community Services Department
Baltazar Ortiz, Founder of a non-profit housing corporation
John McCulley, Tree Fruit Growers,
Professional Administrative Services, Inc.
Don Schellenberg, Oregon Farm Bureau
Peter Hainley, Community And Shelter Assistance Corp.

Staff Present:

Paul Warner, Legislative Revenue Officer
Mazen Malik, Legislative Revenue Office
Lizbeth Martin-Mahar, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Kathy Tooley, Committee Assistant

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027 Chair Shetterly Calls meeting to order at 8:40 a.m. Will not hear HB 2184 at this time.

OPENED WORK SESSION ON HB 3134

036 Paul Warner Described -2 amendments to HB 3134 (Exhibit 1). Discussed change in the foreclosure process. Area of concern regarding proceeds in the amendment, question as to impacts on statewide County Assessments Functions Funding Account (CAFFA). There will be an additional amendment, as yet undrafted, which requires DOR to take this program into account when allocating CAFFA distribution.

066	Commissioner Patti Milne	Spoke in support of HB 3134. At issue is 16% interest counties charge on late taxes.
045		Questions and discussion regarding distribution formula and lien sale program.
190	Milne	Discussion of legal process for delinquent property owners whereby the county takes possession with no flexibility to extend time for payment. HB 3134 proposes to allow a private investor pursue the foreclosure process, with possible additional flexibility in extending time for payment.
229	James Balkema	Discussed benefits to the county by sale of liens to an investor (Exhibit 2).
326	John Phillips	Provided testimony regarding CAFFA fund, "HB 3134 Sale of Tax Lien Certificates" (Exhibit 3).
330	Phillips	Discussed -2 amendments and DOR review process, need for additional research.
389	Chair Shetterly	Want to make sure DOR had reviewed and that the bill was technically workable.
398	Diane Belt	Spoke in opposition to HB 3134. Bill is modeled on Arizona process and discussed differences and conversations with Arizona treasurers (Exhibit 4).
476		Questions and discussion regarding participating and non-participating county in DOR grant.

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027	Bob Vroman	Spoke in opposition to HB 3134, citing potential revenue loss, (Exhibit 5). This new process will require additional programming costs and staff. Believes current system provides incentives for timely payment.
110	Gary Bartholomew	Concerns regarding HB 3134, does not see support from counties, questions why process is being brought forward. Feels the bill does not include enough statutes to cover the subject adequately.
155	Chair Shetterly	Would like to see amendments, sensitive to Assessment and Taxation distribution and CAFFA. Issues regarding workload, programming and process are county concern. Concern for statewide CAFFA fund distribution.
180	Chair Shetterly	Closed Work Session on HB 3134

OPENED WORK SESSION ON HB 2298-A

187	Mazen Malik	Provided description and background of HB 2298-A.
212	Rep. Tom Butler	Spoke in support of 2298-A, as an attempt to get jobs.
259	Greg Smith	Spoke in support of 2298-A, provides an opportunity to encourage companies from out of state to help rural, economically distressed communities with family wage jobs. Discussed ports issue.
355	Chair Shetterly	For the record, representatives of Office of Economic and Community Development Department (OECDD) are present and nodded affirmatively that the bill works.

360	Rep. Butler	HB 2298-A is cost and revenue neutral, and would bring jobs to rural Oregon.
377	Rep. Scott	MOTION: MOVED HB 2298-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION
384	Rep. Barnhart	Will vote for it but bill appears to provide a number of difficult hoops for a small out of state business to jump through.
411	Chair Shetterly	The bill will require marketing by OECDD. Cited the bill as narrow and targeted, rural communities want it and OECDD feels they can make it work.
432		ROLL CALL: MOTION PASSED 9-0-0 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly.
		Rep. Butler will carry the bill.
434	Chair Shetterly	Closed the Work Session on HB 2298-A.

**OPENED WORK SESSION ON HB 3160
TAPE 126, SIDE B**

016	Lizbeth Martin-Mahar	Provided description and background of HB 3160, (Exhibit 8). Bill does not provide specific definition of wood product industry which will depend on OECDD rule. Provided revenue impact (Exhibit 9).
057	Rep Derrick Kitts	Spoke in support of HB 3160, his district does not have mills that would be affected by bill. Described intent behind the bill is to stimulate the economy, provide diversity and provide stimulus to wood products industries. Will have amendment with cap at \$2 million.
097	Chair Shetterly	The House passed a property tax exemption for logging equipment; would the bill apply to this same equipment, so they would receive an income tax credit and a property tax exemption?
099	Martin-Mahar	It will depend on how you define wood products; some of the logging equipment may not apply.
101	Chair Shetterly	Do you have a definition for wood products?
105	Rep. Kitts	It is included in the amendment, will follow up with Legislative Counsel, geared toward production of timber to wood for mills in light of President Bush's Healthy Forest Initiative.
118	Chair Shetterly	For the record, Oregon Revenue Coalition has provided written testimony (Exhibit 10).
121	Rep. Verger	It might help to have wood products industry speak on the difference in logging equipment and the process.
134	Chair Shetterly	Closed Work Session HB 3160.

OPENED PUBLIC HEARING ON HB 2747

143	Richard Yates	Provided description and background of HB 2747 (Exhibit 11); described -3 amendment (Exhibit 12). Provided Revenue Impact (Exhibit 13).
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176	Sen. Charlie Ringo	Spoke in support of HB 2747. This bill is intended to close a tax loophole in purchase of large SUV's. Discussed impacts to environment, and increased reliance on foreign oil.
205	Sen. Ringo	Discussed Detroit News article, (Exhibit 14), provided examples of business professionals that have taken advantage of incentive to buy SUVs.
227	Sen. Ringo	Described -2 and -3 amendments, which allow incentives to purchase an SUV, but reduces the amount. The differences are explained in "Monster SUV Tax Loophole – Two Options", (Exhibit 15). Believes Don Schellenberg of the Farm Bureau approves because farm vehicles have been excluded.
288	Chair Shetterly	Noted bill came out of House Transportation Committee with a do pass recommendation.
279	Rep. Farr	There is a farm exemption on this, how does it affect a lumber yard owner who owns a SUV and uses it make deliveries?
303	Sen. Ringo	If someone has a need for a large vehicle, they could buy one with four wheels in the back and this would not apply, or purchase one just under 6000 pounds, it would then depreciate on normal schedule, not accelerated.
294	Rep. Barnhart	Question regarding federal tax law. This deduction replaces normal business deduction for these vehicles, or would the normal business deduction still apply even with this proposed bill.
320	Sen. Ringo	Cannot impact the federal return, but would add back on the state level and would lessen the financial incentive. Provided Press Release on HB 2747-A (Exhibit 16)
331	Rep. Barnhart	Questions and discussion regarding business depreciation write-offs.
405	Rep. Jackie Dingfelder	Spoke in support of HB 2747-A, (Exhibit 17). Deduction history as intended for agriculture sector to deduct the cost of farm vehicles and has grown to \$25,000 includes SUV's; Congress may raise deduction to \$75,000. Discussed New York proposed legislation (Exhibit 18). The exemption should be maintained for agriculture, rather than incentive for SUV owners. Should save Oregon \$1 million for next 2003-05 biennium, also favorable for the environment.
466	Rep. Verger	Spoke in support of the HB 2747-A.
480	Chair Shetterly	If Congress increases to \$75,000, it would not affect Oregon under the disconnect bill?
482	Yates	Answered affirmatively.
487	Sen. Ringo	Clarifies the bill does more than disconnect, because it adds it back.
497	Debra Buchanan	Clarified reconnect bill amended in this committee provides that depreciation would continue to float.
513		Discussed Federal Code 179 provisions.

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050	Matt Blevins	Spoke in support of the HB 2747-A as it affects air pollution.
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065 David Williams Spoke in support, HB 2747A, fits criteria do no further harm to the state.

077 Chair Shetterly Revised opening of Work Session to Public Hearing and closed Public Hearing on 2747-A

OPENED PUBLIC HEARING ON HB 2166

084 Chair Shetterly Noted bill came from Business, Labor and Consumer Affairs with do pass recommendation.

041 Martin-Mahar Provided description and background on HB 2166-A (Exhibit 19) and described HB 2166-A -3 amendment (Exhibit 20). Provided revenue impact (Exhibit 21).

180 Chair Shetterly Assume you have seen the –A3 amendment? (Lynn Partin, Balthazar Ortiz, John McCulley nodded agreement).

The –A3s are not in the bill before the Committee?

185 Lynn Partin Answered affirmatively.

186 Partin Spoke in favor of HB 2166 (Exhibit 22). This bill maximizes value of credits for farm worker housing. Discussed change in definition of taxpayer. Described and clarified -3 amendments as it defines contributor, owner, operator, investor, and developer.

300 Balthazar Ortiz Spoke in support of HB 2166. Tax credit helps build affordable on-farm housing.

350 John McCulley Spoke in support of HB 2166, (Exhibit 23) as it provides incentive to improve housing for farm workers. Grace period important because of variability of income receipt from harvest.

315 Rep. Verger Questions and discussion regarding transfer of tax credit.

439 Partin Described situation where third party/institution would buy the tax credit.

459 Rep. Verger Why would credit have doubled since 2001?

461 Partin The 2001 Legislature more than doubled the credit from \$3.3 to \$7 million. Discussed 1999 Legislature’s Farm Worker Interim Task Force that came up with 18 unanimous recommendations for which the Legislature has implemented a number of recommendations.

502 Don Schellenberg Spoke in support of HB 2166, as it provides support for agriculture.

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050 Peter Hainley Spoke in support of HB 2166, (Exhibit 24) member of task force and supports credit transfer.

074 Rep. Verger What was the size of the task force?

075 Hainley Believes it was about 11 included Kevin Mannix, Co-Chair Susan Castillo, Sen. Ted Ferrioli, representatives for farm workers, affordable housing, religious, grower, local planning and others.

084 Chair Shetterly Close public hearing HB 2166.

098 Chair Shetterly Meeting adjourned at 10:34 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Warner, "HB 3134 -2 Amendment", 3 pages
2. Balkema, "Pinal County Treasurer Tax Bill", 10 pages
3. Phillips, "HB 3134 Sale of Tax Lien Certificates", 6 pages
4. Belt, "Testimony HB 3134", 2 pages
5. Vroman, "Testimony HB 3134", 1 page
6. Malik, "Staff Measure Summary HB 2298-A", 1 page
7. Malik, "Revenue Impact HB 2298-A", 1 page
8. Martin-Mahar, "Staff Measure Summaries HB 3160", 2 pages
9. Martin-Mahar, "Revenue Impact HB 3160", 1 page
10. Oregon Revenue Coalition "Testimony HB 3160", 3 pages
11. Yates, "Staff Measure Summaries HB 2747-A", 2 pages
12. Yates, "HB 2747-A3 Amendment", 3 pages
13. Yates, "Revenue Impact HB 2747-A", 1 page
14. Ringo, The Detroit News article: "SUV, Truck Owners get a big Tax Break", 2 pages
15. Ringo, "Monster SUV Tax Loophole – Two Options", 1 page
16. Ringo, "Press Release HB 2747-A", 6 pages
17. Dingfelder, "Testimony HB 2747-A", 1 page
18. Dingfelder, Times-Union article: "Pataki Aims to End SUV Tax Break", 1 page
19. Martin-Mahar, "Staff Measure Summaries HB 2747-A", 2 pages
20. Martin-Mahar, "HB 2166-A3 amendment", 7 pages
21. Martin-Mahar, "Revenue Impact HB 2166-A3", 1 page
22. Partin, "Testimony HB 2166", 1 page
23. McCulley, "Testimony HB 2166", 1 page
24. Hainley, "Testimony HB 2166", 1 page
25. Oregon Revenue Coalition, "Written Testimony HB 2166", 3 pages