

HOUSE REVENUE COMMITTEE
April 18, 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
Senator Tony Corcoran
Senator Ryan Deckert
Senator Ted Ferrioli
Senator Charlie Ringo

Witness Present: John Phillips, Department of Revenue
Patti Milne, Marion County Commissioner
Diane Belt, Oregon Association of County Tax Collectors
Hasina Squires, Special Districts Association of Oregon
Laurie Wimmer Whelan, Oregon Revenue Coalition
Tim Nesbitt, Oregon Revenue Coalition
Abby Solomon, SEIU Local 503, OPEU
Ellen Lowe, Human Service Coalition of Oregon Legislative Administration
Patty Whitney-Wise, Oregon Hunger Relief Task Force
Heidi McGowan, Stand for Children
Debra Buchanan, Department of Revenue
Rebecca Shine, State Advisory Committee Child Care Division

Staff Present: Paul Warner, Legislative Revenue Officer
Lizbeth Martin-Mahar, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Tara Lantz, Committee Assistant

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005 Chair Shetterly Calls meeting to order at 8:46 a.m.

OPENS WORK SESSION ON HB 3118

014 Paul Warner Explains HB 3118, which requires the Department of Revenue to put a place on their tax forms for individuals to list the school district in which they reside.

022 Rep. Verger MOTION: MOVES HB 3118 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION AND A SUBSEQUENT REFFERAL TO THE WAYS AND MEANS COMMITTEE.

030 Rep. Shetterly ORDER: ROLL CALL VOTE: MOTION PASSES: 7-0-2.
REPRESENTATIVES ANSWERING AYE: BARNHART, BERGER, FARR, HOPSON, SCOTT, VERGER, SHETTERLY. REPRESENTATIVES EXCUSED HASS, WILLIAMS.

CLOSES WORK SESSION ON HB 3118

OPENS WORK SESSION ON HB 3134

036	Warner	Explains the -3 amendments, which direct the Department of Revenue to account for a tax lien certificate program at the County level, giving the County the option to participate.
050	John Phillips	Explains the -3 amendments, which adds a section that says to the extend that the sale of tax lien certificates by any particular county affects other counties, then the Department of Revenue has the authority to adjust the formula.
058	Patti Milne	States that the -3 amendments do what they wanted.
064	Diane Belt	Expresses concern over the -2 amendments in which it states that the sale of tax lien certificates is not subject to limitations.
081	Hasina Squires	Testifies that it seems as if nothing has changed from the -2 amendments and expresses concern for the potential loss of ANT funding to special districts.

CLOSES WORK SESSION ON HB 3134

OPENS WORK SESSION ON HJR 18

RECESSES WORK SESSION ON HJR 18

OPENS INFORMATION MEETING

218	Laurie Wimmer Whelan	Discusses the formation of the Oregon Revenue Coalition and its members. Discusses the focus of the coalition on tax expenditures. Refer to written testimony (Exhibits 2-3).
283	Wimmer Whelan	Explains how the coalition analyzed each tax expenditure (Exhibit 4).
336	Tim Nesbitt	Discusses the findings of the study.
368	Nesbitt	Discusses tax breaks by tax source.
386	Wimmer Whelan	Discusses the criterion for a good tax expenditure.

TAPE 134, SIDE A

024	Nesbitt	Discusses business tax breaks by category.
038	Nesbitt	Gives list of what services \$1 million would buy.
079	Nesbitt	Discusses ORC's approach to closing the 2003-05 revenue gap.
113	Nesbitt	Gives examples of tax expenditures to repeal, to reduce, and to retain. Recommends a formation of a work group to look at tax expenditures in detail.
209	Sen. Ferrioli	Supports the concept of a work group to look at issues and points out that there are some expenditures that are connected to public policy such as land use. Discussion follows.

- 274 Nesbitt States that the biggest number in tax breaks came from the income tax side and that there are numerous property tax credits that serve a good purpose, which is why they chose to focus on income.
- Discussion follows.
- 321 Rep. Barnhart States that due to their organizational methods it is difficult to compare the tax expenditures to the budget and that it might be beneficial to get the opinion of the people who work with the budget in the discussion.
- Discussion follows.
- 350 Sen. Corcoran Asks if there has been any research done on how you could apply means testing to income tax credits and second home mortgage credits.
- 375 Warner Responds that they have looked at phasing out credits over income levels and that there is precedence at the federal level.

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- 003 Rep. Hass States that he supports a work group and that there is a bill that creates a commission to look at that.
- 013 Wimmer Whelan Responds that it would be valuable to have people that are unbiased, but there would also be value in having people with expertise and that the situation is so desperate that they need to start working on tax expenditures immediately.
- 040 Abby Solomon Discusses the SEIU Local 503, OPEU and why they have joined the Oregon Revenue Coalition. Urges support of proposal to reduce and eliminate tax expenditures.
- 064 Ellen Lowe Gives example of one tax expenditure for an additional medical deduction for elderly that could be reduced. Refer to written testimony (Exhibit 5).
- 163 Patti Whitney-Wise Testifies in support with the Oregon Revenue Coalition to find new revenue sources through tax expenditures. Refer to written testimony (Exhibit 6).
- 186 Heidi McGowan Discusses Stand for Children and why they have joined the Oregon Revenue Coalition.

OPENS WORK SESSION ON HB 3184

- 278 Lizbeth Martin-Mahar Explains the -3 amendments (Exhibit 8), which make technical corrections.
- 337 Debra Buchanan States that the -3 amendment fixes the problem of double dipping.
- 345 Rep. Shetterly Asks who would take advantage of this credit.
- 352 Rebecca Shine Responds that it would be a combination of working families and affordable housing providers.
- Discussion follows.
- 371 Rep. Williams MOTION: MOVES HB 3184-3 AMENDMENTS DATED 4/17/03 BE ADOPTED.
- 376 Chair Shetterly ORDER: HEARING NO OBJECTION, MOTION PASSES: 9-0-0.

380	Rep. Williams	MOTION: MOVES HB 3184 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
385	Chair Shetterly	ORDER: ROLL CALL VOTE: MOTION PASSES: 9-0-0. REPRESENTATIVES ANSWERING AYE: BARNHART, BERGER, FARR, HASS, HOPSON, SCOTT, VERGER, WILLIAMS, SHETTERLY. Rep. Kafoury will carry the bill on the House Floor.
399	Warner	Discusses the school formula revenue summary for the co-Chair state school fund budget at \$4,788.6 million (Exhibit 14).
421	Rep. Hass	Asks if the confusion over the accounting change has been included in the summary.
426	Warner	Responds negatively. Discussion follows.
475	Chair Shetterly	Adjourns meeting at 10:08 am.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 3134, Lizbeth Martin-Mahar, Proposed HB 3134-3 Amendments, 3pp.
2. Laurie Wimmer Whelan, Written Testimony, 1p.
3. Laurie Wimmer Whelan, Oregon Revenue Coalition Members, 1p.
4. Laurie Wimmer Whelan, A Primer on Tax Breaks in Oregon, 34pp.
5. Ellen Lowe, Additional Medical Deduction for Elderly, 4pp.
6. Patti Whitney-Wise, Revenue Coalition Tax Expenditure Recommendations, 1p.
7. Oregon Revenue Coalition, 5pp.
8. HB 3184, Lizbeth Martin-Mahar, Proposed HB 3184-3 Amendments, 4pp.
9. HB 3184, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
10. HB 3184, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
11. HB 3184, Lizbeth Martin-Mahar, Previous Staff Measures Summary, 1p.
12. HJR 18, Steve Meyer, Staff Measure Summary, 1p.
13. HJR 18, Steve Meyer, Revenue Impact Statement, 1p.
14. Steve Meyer, School Formula Revenue Summary for the Co-Chair State School Fund Budget, 7pp.