

**HOUSE REVENUE COMMITTEE**  
**APRIL 23, 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: Paul Romain, OPMA  
Cliff Olson, Mark Nelson Oil Products  
Telemarketer's Association  
Representative Joanne Verger, District 9  
Doris Penwell, Economic and Community Development Department  
Senator Charlie Ringo, District 17

Staff Present: Paul Warner, Legislative Revenue Officer  
Richard Yates, Legislative Revenue Office  
Mazen Malik, Legislative Revenue Office  
Kathy Tooley, Committee Assistant

**TAPE 140, SIDE A**

004 Chair Shetterly Calls meeting to order at 8:43 a.m.

**PUBLIC HEARING HB 2999-A**

018 Richard Yates Provided description of HB 2999A (Exhibit 1).

034 Paul Romain Spoke in support of HB 2999A. Described situation where gas is delivered to a remote area and possible nonpayment of taxes and shipment. Requests state reimbursement for lost taxes only.

073 Cliff Olson Spoke in support of HB 2999A. Described payment time frame usually load to load or 10 days. Described people that have taken a load of fuel and gone out of business within that time frame. Described credit approval process and safeguards.

081 Rep. Verger Thought payment was on delivery, you're buying on credit?

089 Romain Selling on credit, company buys the fuel and pays the tax, then fuel is sold and delivered and purchaser may have 10 days to a month to pay.

101 Rep. Verger Why do you sell on credit?

103 Olson Described three methods of payment: cash/certified check, load-to-load, COD.

108 Romain Provide service by delivering gas to outlying areas. Incentive is there to go

after payment as entire amount of delivery is defaulted on, not just fuel tax. Last year tax portion amounted to \$50,000.

- 135 Chair Shetterly Any opposition to this in the Transportation Committee?
- 136 Romain No testimony in opposition, one no vote was from Rep. Mabrey who had the same question as Rep. Verger. Rep. Greenlick defended distributors as providing a service to outlying communities.
- 141 Chair Shetterly Not general fund revenue impact, it is a highway fund revenue impact?
- 148 Yates Answered affirmatively (Exhibit 2).
- 153 Chair Shetterly Closed Public Hearing on HB 2999-A.

#### OPENED WORK SESSION ON HB 2999-A

- 158 Rep. Farr **MOTION: MOVED HB 2999-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**
- 165 Rep. Verger Distributors have chosen to do business that way, selling to a retailer who doesn't pay them. We're giving a refund to a business that has chosen to do business that way.
- 173 Rep. Scott They have chosen to do business that way, but they are trying to provide a service and get the product to remote areas and taking a substantial reduction if they can't collect their funds for fuel.
- 184 Rep. Farr Recounted experience as a purchasing agent, buying on credit is standard operating procedure in wholesale to retail industry.
- 199 Rep. Berger This system serves the state well, in that the taxpayer is the person at the pump, but Oregon gets their payment early in the stream. Would hate to think of difficulty of collecting tax if dealers not willing to collect tax up front.
- 214 Rep. Verger What we're doing is making up for people that don't want to pay their bills.
- 220 Chair Shetterly What is the likely cost of a delivery fuel and tax included to Coquille?
- 224 Olson About \$15,000 to \$16,000. Station does not have that cash available at the site; deliveries often at night and there would be a safety issue having to have cash available late at night.
- 246 Rep. Barnhart The fuel is actually used in vehicles and the expense to the state is actually incurred.
- 259 **ROLL CALL: MOTION PASSED 8-0-1  
REPRESENTATIVES VOTING AYE: Berger, Farr, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly. NO: Barnhart.**
- Rep. Scott will carry the bill.**
- 266 Chair Shetterly **Closed Work Session on HB 2999-A.**

#### OPENED PUBLIC HEARING ON SB 327

285	Mazen Malik	Described and provided background on SB 327 (Exhibit 3). Described qualifications for Enterprise Zone and provided matrix of current designated and eligibility if SB 327 does not pass. Provided revenue impact (Exhibit 4).
362	Rep. Verger	Spoke in support of SB 327. Described enterprise zone as used for economic stimulus; described nexus to jobs. Discussed unemployment issue in her county as well as 18 other counties.
415	Rep. Hass	Supported SB 327. Why is this not included in the enterprise zone update?
429	Rep. Verger	This was created in 1997, deferred to Doris Penwell on criteria.
432	Chair Shetterly	Do we need conforming amendments to any other bills dealing with enterprise zones to make sure it works together?
438	Doris Penwell	Discussed SB 327 is for long term enterprise zone provisions, not 3-5 year enterprise zone program for rural and chronically distressed areas. Might be helpful to review with amendments in HB 2299.
482	Chair Shetterly	Defer action to review with HB 2299.
510	Chair Shetterly	Close Public Hearing on SB 327.

**OPENED WORK SESSION HB 2747  
TAPE 141, SIDE A**

043	Sen. Charlie Ringo	Discussed HB 2747 individually with Committee Members to see what additional changes should be made to the bill. At the request of Rep. Farr, asked for specific exemption relating to the wood products and timber industry; Rep. Scott was concerned with construction trade industry vehicles; both are incorporated in the -4 amendments (Exhibit 6). Goal of HB 2747 to reduce the financial incentive encouraging people to buy the very largest SUVs, encouraged Committee to adopt the -3 and -4.
065	Chair Shetterly	Revenue impact reviewed already relating to -2 or -3?
067	Yates	Same as the -2, although don't believe -2 appeared before the Committee.
070	Yates	Discussed revenue impact on original bill as \$800,000. Estimates impact with -3 or -4 amendments as \$1.2 million for 2003-05.
080	Rep. Barnhart	That's assuming if we do not adopt the bill; is that assuming there would not be an increase in the sale of vehicles without the bill?
085	Yates	Dealing with current law, sales are what they are, large vehicles get a large depreciation allowance and Oregon is tied to that. Discussed disconnect with the bill and addition with Oregon return intended to neutralize incentive granted by federal government.
096	Rep. Barnhart	If we don't pass this bill, if there is an increase in sales the loss to the state could be greater than \$1.2 million?
100	Yates	Answered affirmatively, but that is current loss.
104	Chair Shetterly	The federal depreciation allowance was designed for vehicles used in trade or business, specifically agriculture and by evolution of the market both production and consumer, adoption of -A4 affects doctors and lawyers and engineers for whom the allowance was not intended..

- 118 Rep. Hass I am very supportive of the -4. If Committee does not approve, there will be a policy incongruity with credits incenting people to buy hybrids and electric cars vs. SUVs.
- 130 Yates Trying to determine if you can adopt just the -4 or both the -3 and -4.
- 133 Sen. Ringo I think you have to do either the -2 or the -3, plus the -4.
- 136 Yates My feeling is Dexter Johnson could make one set of amendments.
- 152 Chair Shetterly Asked Don Schellenberg if he was concerned that the agriculture exemption gets in. (Schellenberg nodded affirmatively.)
- 154 Chair Shetterly Was there any testimony in opposition to this in the Transportation Committee?
- 156 Sen. Ringo Responded no. The only potential opposition was Schellenberg, as it did not have the farm exemption. It was unanimous from the Transportation Committee.
- 167 Rep. Hass **MOTION: MOVED THE -3 AMENDMENTS TO HOUSE BILL 2747.**  
**ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT.)**
- 171 Rep. Verger **MOTION: MOVED THE -4 AMENDMENTS TO HOUSE BILL 2747.**  
**ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT.)**
- 178 Chair Shetterly Closed the Work Session on HB 2747.
- 181 Chair Shetterly Meeting adjourned at 9:22 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Yates, "Staff Measure Summaries HB 2999", 2 pages
2. Yates, "Revenue Impact HB 2999-A", 1 page
3. Malik, "Staff Measure Summary HB 327", 1 page
4. Malik, "Revenue Impact HB 327", 1 page
5. Malik, "Impact of SB 327 for Long-term Rural Enterprise Zone Tax Incentives", 1 page
6. Ringo, "HB 2747-A4 amendment", 1 page