

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

- Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson
Representative Max Williams
- Members Excused: Representative Phil Barnhart
- Witness Present: Bob Castagna, Oregon Catholic Conference
Phillip Kennedy Wont, Ecumenical Ministries of Oregon
John Lewis, Oregon Center for Public Policy
Patti Whitney-Wise, Oregon Hunger Relief Task Force
Sara Merten, Oregon Food Bank
Representative Barker, District 28
Brian DeLashmutt, Oregon Council of Police Associations
Jayne T. Williams, Association of Enrolled Agents
Representative Merkley, District 47
Michael Meyers, Former Tax Preparer
John Blatt, Association of Oregon Community Development Organizations
Ian Slingerland, Community Alliance of Tenants
David Nebel, Oregon Law Center
Jeff Tashman, Association of Oregon Redevelopment Agencies
Chip Lazenby, Portland Development Commission
- Staff Present: Paul Warner, Legislative Revenue Officer
Lizbeth Martin-Mahar, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Kathy Tooley, Committee Assistant

TAPE 1, SIDE A

004 Chair Shetterly Calls meeting to order at 8:30 a.m.

OPENS PUBLIC HEARING ON HB 2031

004 Lizbeth Martin-Mahar Provides description of HB 2031 which changes the percentage of the federal earned income tax credit that Oregonians can claim on their state income tax return. Discusses revenue impact. Exhibit 1.

Discussion follows.

072 Bob Castagna Testifies in favor of HB 2031 and provides history of the earned income credit concept. Exhibit 2. Asks that HB 2031 be a part of revenue restructuring and not a priority bill. Discusses report on how state earned income tax credit help working families escape poverty. Exhibit 3.

157 Phillip Kennedy Wont Testifies in support of HB 2031 because it would lower the tax burden of low income families. Points out that money when money is brought into people who need it the most, it goes back into the economy.

178	Chair Shetterly	Asks if the earned income tax credit should be increased or made refundable.
182	Castanga	Responds that he would move in the direction of refundability because it is so important for low income families.
210	John Lewis	Testifies in favor of HB 2031 and states that refundability is an important issue because it would benefit people at the lowest income levels. Refer to written testimony. Exhibit 4.
240	Patti Whitney-Wise	Testifies in favor of HB 2031 because the lowest income people in Oregon have the highest tax burden and is an equity issue. Refer to written testimony. Exhibit 5.
258	Sara Merten	Offers testimony in support of HB 2031 because it is a valuable tool to lift people out of poverty and alleviate hunger and prioritizes the issue of refundability.

CLOSES PUBLIC HEARING ON HB 2031

OPENS PUBLIC HEARING ON HB 3423

302	Mazen Malik	Explains HB 3423 which allows the governing body of taxing districts to elect to exempt from ad valorem property tax the homestead of a surviving spouse of public safety officer who was killed in the line of duty. Exhibit 7.
370	Rep. Barker	Testifies in favor of HB 3423 as an optional program to help people facing the economic loss of a spouse who was killed in the line of duty. States that the Association of Oregon Counties supports the bill because it is an option and not a mandate.
408	Rep. Verger	Asks what happens when a police officer is killed in the line of duty.
410	Rep. Barker	Responds that there is normally some federal insurance but that it may take a year for it to kick in.
436	Rep. Verger	What is the amount of the insurance paid.

TAPE 111, SIDE A

017	Brian DeLashmutt	Testifies in favor of HB 3423 as a local option. Responds to Rep. Verger that there are several different insurance options for fallen officers including local policies through the employer, individual policies, the public safety memorial fund, and a federal program similar to the state program.
062	Rep. Hopson	Asks in what circumstances the counties would say no.
071	DeLashmutt	Responds that if substantial resources are already available to the family they might not qualify.
080	Chair Shetterly	Asks if DeLashmutt sees this as a case by case exemption.
082	DeLashmutt	Answers affirmatively. Discussion follows.

CLOSES PUBLIC HEARING ON HB 3432

OPENS PUBLIC HEARING ON HB 3301

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| 103 | Martin-Mahar | Explains HB 3301 which allows any person who has been granted active enrollment to practice before the IRS and who is qualified to prepare tax returns in the state may represent the taxpayer before a tax court magistrate or the Department of Revenue with respect to any tax. Exhibit 9. |
| 113 | Jayne T. Williams | Testifies in support of HB 3301 because enrolled agents were endowed with the power of advocacy by Congress in 1884, but were overlooked when the process was brought to Oregon. Refer to brochure on enrolled agents. Exhibit 10. |
| 211 | Chair Shetterly | Asks how many enrolled agents there are in Oregon. |
| 212 | Williams | Responds that there are over 700 agents in Oregon and in immediately adjoining cities that often have licensure in Oregon. |

CLOSES PUBLIC HEARING ON HB 3301

OPENED PUBLIC HEARING ON HB 3414

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| 225 | Rep. Merckley | Testifies in support of HB 3414 because low income families are finding an unreasonable share of their funds from tax refund anticipation loans going to fees and charges. Refers members to two articles written by Michael Meyers. Exhibits 11-12. |
| 277 | Mike Meyers | Testifies in favor of HB 3414 and addresses excess fees charged for loan application and interest on the loan. Discusses percentage rates on loans. States that this bill is an important first step in achieving equity. Refer to written testimony. Exhibit 13. |
| 361 | Chair Shetterly | Asks if the earned income tax credit is specifically addressed in the bill. |
| 363 | Rep. Merckley | Responds that it's not specifically addressed because the basic principles regarding the tax refund loan should apply to anyone applying. |
| 371 | Rep. Hass | Clarifies that refunds are for other factors besides the earned income tax credit. |
| | | Discussion follows. |

CLOSES PUBLIC HEARING ON HB 3414

OPENED PUBLIC HEARING ON HB 3417

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| 410 | Mazen Malik | Provides description of HB 3417 which requires percentage of estimated total cost of all urban renewal projects proposed to be undertaken under urban renewal plan to be for affordable housing. Discusses issues yet to be resolved. Exhibit 15. |
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TAPE 110, SIDE B

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| 051 | Rep. Merckley | Testifies in favor of HB 3417 because it addresses the issue that part of improving a community through urban renewal should be ensuring that there is a reasonable amount of affordable housing. |
| 062 | John Blatt | Testifies in favor of HB 3417 because there has been a dramatic increase in property values in the last decade creating a loss in housing affordability. Discusses similar laws in other states. Refer to written testimony. Exhibit 16. |

120	Blatt	Discusses HB 3417-1 amendment and possible additional amendment forthcoming.
136	Rep. Verger	Asks where the bill references urban renewals that are limited to business districts.
137	Blatt	Responds that it doesn't specifically say business districts but that it is intended to address that issue in the amendments.
156	Chair Shetterly	States that it is not entirely a local option because the exception is contingent on certain findings.
167	Blatt	Describes situation where there might be an opt-out.
176	Rep. Verger	Asks if the language was in the preferred bill but not the house bill.
178	Blatt	Responds that it was attempted in the original bill, but it didn't do what intended to do.
181	Ian Slingerland	Testifies in support of HB 3417 because there is a lack of affordable housing and urban renewal often results in the loss of affordable housing. Refer to written testimony. Exhibit 17.
220	David Nebel	Testifies in support of HB 3417. Discusses Northwest Pilot Project surveys. States that affordable housing allowance is at risk if the May revenue forecast comes in lower than expected.
256	Blatt	Discusses census data that shows that urban renewal districts saw the lowest decline in poverty.
292	Jeff Tashman	Testifies in opposition to HB 3417. Discusses 20% requirement. States that the bill is not necessary because urban renewal is a means of adopting comprehensive plans and is already addressed in a document that has received local review. Refer to written testimony. Exhibit 18.
436	Tashman	States that section reference requires amendment. Declares that urban renewal is one of the last best flexible tools for local control.

TAPE 111, SIDE B

040	Chip Lazenby	Testifies in opposition to 3417, citing loss of flexibility and leverage. Explains that plans are not developed in isolation and have citizen's advisory groups which include tenants involved in the discussion. States that 20% is too much to tie up and limits ability to put together financing.
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CLOSES PUBLIC HEARING ON HB 3417

085	Rep. Hass	States that he appreciates looking at tax credits, which have to be repealed and discusses bill on the house floor that provides a tax credit for logging that wasn't brought into the process.
095	Chair Shetterly	Responds that he did have chance to weigh in on the tax credit bill.
102	Chair Shetterly	Meeting adjourned at 10:03 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 2031, Lizbeth Martin-Mahar, Staff Measure Summary, 2pp.
2. HB 2031, Bob Castagna, Report on Earned Income Credits, 9pp.
3. HB 2031, Bob Castagna, How State Earned Income Tax Credits Help Working Families, 7pp.
4. HB 2031, John Lewis, Making Ends Meet, 12pp.
5. HB 2031, Patti Whitney-Wise, Written Testimony, 1p.
6. HB 2031, Oregon Revenue Coalition, Written Testimony, 3pp.
7. HB 3423, Mazen Malik, Staff Measure Summary, 1p.
8. HB 3423, Oregon Revenue Coalition, Written Testimony, 3pp.
9. HB 3301, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
10. HB 3031, Jayne Williams, Enrolled Agents Brochure, 2pp.
11. HB 3414, Representative Merkley, Newspaper Article, 1p.
12. HB 3414, Representative Merkley, Newspaper Article, 1p.
13. HB 3414, Michael Meyers, Written Testimony, 6pp.
14. HB 3414, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
15. HB 3417, Mazen Malik, Staff Measure Summary, 1p.
16. HB 3417, John Blatt, Written Testimony, 8pp.
17. HB 3417, Ian Slingerland, Written Testimony, 2pp.
18. HB 3417, Jeff Tashman, Written Testimony, 2pp.