

HOUSE REVENUE COMMITTEE
MAY 12, 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: Representative Mike Schauffler, District 48
 Don Schellenberg, Oregon Farm Bureau
 Patrick Green, AFL-CIO
 Debra Buchanan, Department of Revenue (DOR)
 Norm Miller, DOR

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

TAPE 162, SIDE A

004 Chair Shetterly Calls meeting to order at 8:45 a.m.

OPENED PUBLIC HEARING ON HB 3467

017 Lizbeth Martin-Mahar Provided background and description of HB 3467-A, (Exhibit 1) discussed sunset, and rule making authority for DOR. Described preliminary revenue impact of \$1 million.

063 Rep. Schaufler Spoke in support of HB 3467-A to find relief for farmers and ranchers, as these employers are unable to pass wage increases costs on.

120 Rep. Schauffler Clarified there is a floor of \$6.90, as mandatory adjustments in minimum wage went up that floor would remain there; as minimum wage went up 50% would be everything above \$6.90 until review at sunset.

147 Don Schellenberg Spoke in support of HB 3467-A, (Exhibit 2), as it creates a connection that is returned to the farmer in the form of a tax credit. Issue the farmer has to make a profit to take advantage of the credit discussed difficulty. Secondly, it is a 50% tax credit, to hold the farmer harmless the credit must be 100%. Third, it is a tax expenditure from a severely strapped budget. The Farm Bureau asks the bill be amended to make the credit 100%.

176 Rep. Berger Concerned by floor and ceiling language. Appears a disincentive is created for a farmer to pay a valued employee more, because if they go over the ceiling they lose the tax credit.

191 Schellenberg That's a good point, I don't know how to answer that either. I don't know if the ceiling is the problem. I don't know what it takes to correct that.

199	Chair Shetterly	That is a problem.
200	Rep. Berger	It has the effect of disincentivizing; rewarding good employees that you want to keep.
215	Schellenberg	Farmers can't cover their costs automatically, discussed nature of world market.
234	Patrick Green	Spoke in opposition to HB 3467-A, when credit reaches \$1 million, the Oregon Revenue Coalition would oppose as well. For the record, there were nods of affirmation. It appears to be a disincentive to raise wages. Question why this industry as opposed to others. This industry gets \$311.3 million in tax credits, second to timber. Object to amending bill to 100% subsidy. The public pays the bill out of general fund with school days, or in grocery aisle.
279	Debra Buchanan	Described ambiguity in the language, discussed issue pay range, broad rule making authority would allow DOR to address. Issue broad rulemaking authority would have DOR put themselves in the mind of the farmer in granting wage raise. Described how it might be addressed by taking credit for difference between minimum wage from one year to another.
325	Chair Shetterly	Comment on cliff or phase out of credit?
328	Buchanan	Don't know how to address that, unless its based on the change from prior minimum wage and the current year minimum wage.
336	Chair Shetterly	Closed public hearing on HB 3467-A

OPENED WORK SESSION ON HB 2188

344	Richard Yates	Provided background and description of HB 2188, (Exhibit 3); discussed housekeeping nature.
370	Chair Shetterly	Summarized testimony from prior hearing, this is a "must have" follow-up to cleaning up the rest of conflicts in the statutes?
385	Yates	Must have, either way
377	Norm Miller	It is a "must have" either way. All the requirements for the tax stays; this bill gets rid of those requirements.
399	Rep. Barnhart	Inoperative means zero rate?
401	Miller	Answered affirmatively.
404	Yates	The Committee will have to deal with conflict amendments if these two bills are passed.
411	Rep. Scott	MOTION: MOVED HB 2188 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION ROLL CALL: MOTION PASSED 9-0-0 REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly. Rep. Scott will carry the bill.
421	Chair Shetterly	Closed the Work Session on HB 2188.

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Chair Shetterly

Meeting adjourned at 9:15 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Martin-Mahar, "Staff Measure Summary HB 3467", 2 pages
2. Schellenberg, "Testimony HB 3467", 1 page
3. Yates "Staff Measure Summary HB 2188", 1 page