

HOUSE REVENUE COMMITTEE
JUNE 16, 2003 9:30 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 Mark Hass
 Representative Elaine Hopson
 Representative Max Williams

Members Excused: Representative Pat Farr

Witness Present: John Ledger, Associated Oregon Industries, (AOI)

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

TAPE 189 SIDE A

004 Chair Shetterly Calls meeting to order at 9:35 a.m.

HB 2652

006 Lizbeth Martin-Mahar Described -12 (Exhibit 1), and -13 amendments, (Exhibit 2). Provided Staff Measure Summary, (Exhibit 3).

010 Martin-Mahar The -12 amendments which incorporate the conceptual amendment from the previous meeting, eliminates double-dipping between the pollution control tax credit and the business energy tax credit; retains current law.

024 Martin-Mahar The -13 amendments restrict double-dipping between the pollution control and business energy tax credits. A choice must be made between the two credits; also a choice must be made between the pollution control credit and the truck engine tax credit in the transportation bill. The Department of Environmental Quality (DEQ) does not think there are many instances in which a truck engine would qualify for both credits.

037 Martin-Mahar Discussed revenue impact (Exhibit 4).

040 Question and discussion regarding the increase in the business energy tax credit.

043 Question and discussion regarding alternative energy devices, and increases in the residential tax.

040 John Ledger Discussed tax credits for chippers, which amount to 1-2% of total credits. DEQ developed the program to encourage use of chippers due to pollution issues. This was done by rule and can be changed by rule.

087 Rep. Berger Discussed pollution control tax credit spreadsheet she had requested from DEQ, and fact sheet developed by her staff on "'01-'03 PCTC Issued Certificates", (Exhibit 5).

- 105 Chair Shetterly For the record, 1% of the total amount of value of the credits for a chipper, 1% for trucks and vehicles and 5% for vending machines.
- 108 Questions, discussion and acknowledgement of mathematical error regarding total tax liability vs. chippers. Discussed the percentage noted was the same as Ledger had testified.
- 126 Chair Shetterly **MOTION: MOVED ADOPTION OF THE –12 AMENDMENTS INTO HB 2652.**
- ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT EXCEPT REP. FARR, EXCUSED).**
- 131 Chair Shetterly **MOTION: MOVED ADOPTION OF THE –13 AMENDMENTS INTO HB 2652.**
- ORDER: HEARING NO OBJECTION, THE CHAIR SO ORDERS. (ALL MEMBERS PRESENT EXCEPT REP. FARR, EXCUSED).**
- 135 Chair Shetterly **MOTION: MOVED HB 2652, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**
- 138 Rep. Hass Supported the bill last session as part of a compromise, would like to honor and uphold. Questioned strategy of giving a major tax credit to Enron, which paid the minimum Oregon tax of \$10, when new jobs are not being added, and are instead being eliminated. Cited need to build an Oregon economy that is held together in a thoughtful manner.
- 171 Rep. Barnhart Discussed the history of the tax credit as well understood. Concurred with Rep. Hass comments. Said the value and need for this credit has passed. Agreed with need to uphold the compromise and phase out the tax credit.
- 199 Rep. Williams Recognized comments made by Reps. Hass and Barnhart. Haven't addressed the issue of the substantial burden for companies to do business in Oregon, maintain employment and increase revenues. This has been a proven program that has allowed for a cooperative response for companies and he will support the bill.
- 227 Rep. Berger The credit has been a useful tool, that has dealt with the pollution problem; also useful in dealing with new technology in preventing pollution. Would support keeping it.
- 245 Chair Shetterly Enron does not necessarily indict the pollution control tax credit; there are lots of business tax payers using it fairly and appropriately. Acknowledged the evolution of the bill that carried pollution control forward last time. The revenue impact of this bill comes from the elements in the Governor's amendments. The Governor suggested that might be a little rich, but did not propose amendments to reduce the level of energy tax credit.
- 262 Rep. Hass The "Tax Expenditure Report"* notes that this tax credit has not been effective and may not be achieving its purpose.
- *NOTE: "2003-2005 Tax Expenditure Report" was received as a Committee Exhibit on February 3, 2003.**
- 281 **ROLL CALL: MOTION PASSED 6-2-1
REPRESENTATIVES VOTING AYE: Berger, Farr, Hopson, Scott, Verger, Williams, Chair Shetterly. VOTING NO: Barnhart, Hass.**

Rep. Chair Shetterly will carry the bill.

291	Chair Shetterly	Closed the Work Session on HB 2652.
293	Chair Shetterly	Meeting adjourned at 10:05 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Martin-Mahar, "HB 2652-12 Amendments", 41 pages
2. Martin-Mahar, "HB 2652-13 Amendments", 1 page
3. Martin-Mahar, "Staff Measure Summary HB 2652", 2 pages
4. Martin-Mahar, "Revenue Impact Statement HB 2652", 1 page
5. Berger, "'01-'03 PCTC Issued Certificates", 1 page