

SENATE REVENUE COMMITTEE
FEBRUARY 19, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Tony Corcoran
Senator Lenn Hannon
Senator Charlie Ringo

Members Excused: Senator Bruce Starr

Witnesses Present: Debra Buchanan, Department of Revenue
Representative Joanne Verger, District 9
Senator Ken Messerle, District 5
Art Fish, Oregon Economic and Community Development Department
Pat Allen, Oregon Economic and Community Development Department

Staff Present: Paul Warner, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Lizbeth Martin-Mahar, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 36, SIDE A

003 Chair Deckert Calls meeting to order at 1:11pm.

OPENS PUBLIC HEARING ON HB 2185

025 Lizbeth Martin-Mahar Explains HB 2185 which establishes a date for foreign non-resident personal income taxpayers to file personal income tax refunds. Exhibit 1. Discusses the revenue impact. Exhibit 2.

050 Debra Buchanan Testifies in support of HB 2185 because it equalizes the treatment of foreign non-residents to the current law that refunds cannot be issued more than three years after a tax return was filed. Exhibit 4.

064 Sen. Deckert Asks how many cases currently would fall under the statute.

065 Buchanan Answers less than 1,000.

069 Martin-Mahar Gives data on past foreign resident refunds.

CLOSES PUBLIC HEARING ON HB 2185

OPENS WORK SESSION ON HB 2185

090 Sen. Ringo MOTION: MOVES HB 2185 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

103 Sen. Deckert ORDER:
ROLL CALL VOTE: MOTION PASSES: 5-0-1
SENATORS ANSWERING AYE: CORCORAN, HANNON, RINGO,
FERRIOLI, DECKERT. SENATOR EXCUSED: STARR.
Sen. Ringo will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON HB 2185

OPENS PUBLIC HEARING ON SB 327

- 114 Rep. Verger Testifies in support of SB 327 because it would help counties that have brought their unemployment rate down as the state rate was going up and have therefore lost the enterprise zone incentives. Gives example of the American Bridge program in drawing business.
- 164 Sen. Messerle Testifies in support of SB 327 because it would help several counties that have lost the ability to benefit from enterprise zone incentives. Discusses the importance of these incentives.
- 234 Sen. Ringo Asks the witnesses how they know the American Bridge program would not have come without the incentives.
- 236 Rep. Verger Responds that the American Bridge program had a list of demands.
- 255 Sen. Messerle Responds that in the case of the American Bridge program, they were initially going to locate in St. Helens and then walked away from St. Helens and went to Reedsport because of the incentives.

Discussion follows.
- 308 Sen. Deckert Asks why the bill uses the language "non-urban".
- 322 Art Fish Responds that when the enterprise zone incentives were created it was directed at rural areas and that none of the urban areas would qualify for the incentives even with the passage of this bill.

CLOSES PUBLIC HEARING ON SB 327

OPENS WORK SESSION ON SB 327

- 360 Sen. Ferrioli MOTION: MOVES SB 327 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
- 364 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS ANSWERING AYE: CORCORAN, HANNON, FERRIOLI, DECKERT. SENATORS EXCUSED: RINGO, STARR.
Sen. Messerle will carry the bill on the Senate Floor.
*Refer to tape 37A, meter 149 for reconsideration of this order.

CLOSES WORK SESSION ON SB 327

OPENS PUBLIC HEARING ON SB 313

- 375 Martin-Mahar Explains SB 313 which would allow a business to qualify for the e-commerce enterprise zone tax credit established by SB 229 (2001 Regular Legislative Session) once they are pre-certified by the Economic and Community Development Department and investments made in capital assets in connection with electronic commerce during the pre-certification period would be considered eligible new investment for the income tax credit. Exhibit 7. Discusses revenue impact. Exhibit 8.
- 439 Sen. Deckert Asks Allen to brief the members on how SB 229 is doing.

TAPE 37, SIDE A

005 Pat Allen Responds that SB 229 has been highly successful, particularly in Southern Oregon, and has created over 500 jobs and over \$100 million in new capital investment. Explains the problems that occurred in implementing the tax credits and how SB 313 will fix the problem. Exhibit 10.

050 Sen. Hannon Asks about the revenue impact in the next biennium.
Discussion follows.

081 Sen. Deckert Asks if the positive effect on revenue has been measured.
Discussion follows.

120 Sen. Hannon Asks about the status of the duplicate house bill, HB 2622.

122 Fish Responds that the bill has been passed out of the House Trade and Economic Development Committee.

130 Sen. Deckert States that there will be no work session because HB 2622 is moving out of the House Trade and Economic Development Committee.

CLOSES PUBLIC HEARING ON SB 313

OPENS WORK SESSION ON SB 327

149 Sen. Ferrioli MOTION: MOVES TO RECONSIDER THE VOTE WHEREBY THE COMMITTEE PASSED SB 327 WITH A DO PASS RECOMMENDATION DUE TO ADDITIONAL FISCAL IMPACT WHICH WASN'T AVAILABLE AT THE TIME OF PASSAGE.

157 Sen. Deckert *ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2. SENATORS ANSWERING AYE: CORCORAN, HANNON, FERRIOLI, DECKERT. SENATORS EXCUSED: RINGO, STARR.

159 Sen. Deckert Adjourns meeting at 1:50pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. HB 2185, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
2. HB 2185, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
3. HB 2185, Lizbeth Martin-Mahar, Fiscal Impact Statement, 1p.
4. HB 2185, Debra Buchanan, Written Testimony, 1p.
5. SB 327, Mazen Malik, Staff Measure Summary, 1p.
6. SB 327, Art Fish, Impact of SB 327 for Long-term Rural Enterprise Zone Tax Incentives, 2pp.
7. SB 313, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.

8. SB 313, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
9. SB 313, Lizbeth Martin-Mahar, Fiscal Impact Statement, 1p.
10. SB 313, Pat Allen, Written Testimony, 2pp.