

SENATE REVENUE COMMITTEE
March 24, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Lenn Hannon
Senator Charlie Ringo
Senator Bruce Starr

Members Excused: Senator Tony Corcoran

Witnesses Present: Representative Joanne Verger, District 9
Art Fish, Oregon Economic and Community Development Department

Staff Present: Steve Meyer, Legislative Revenue Office
Mazen Malik, Legislative Revenue Office
Paul Warner, Legislative Revenue Office
Tara Lantz, Committee Assistant

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003 Chair Deckert Calls meeting to order at 1:12pm.

OPENS WORK SESSION ON SB 327

014 Rep. Verger 9 Gives background of rural enterprise zones. Explains the problems that have arisen and what SB 327 does to fix them.

051 Mazen Malik States that there is no fiscal impact and discusses revenue impact. Exhibit 2.

086 Sen. Hannon Asks about the revenue impact for local governments and state government.

098 Malik Responds that the tax exemption on income, which is less than \$50,000, impacts the state government, and property tax exemptions impact local governments.

114 Sen. Hannon Asks what the effect will be on enterprise zones if SB 327 is not passed.

119 Malik Responds that if this bill doesn't pass the number of enterprise zones would go from 30 to 18 and if it does pass it will expand it to 37.

142 Sen. Hannon Expresses concern that they should be looking at eliminating credits and exemptions in this current budget crisis and not expanding them, but recognizes that some credits are important to stimulate the economy.

159 Sen. Deckert Responds that it is important to balance revenues coming in and revenues going out in the form of credits. States that they also have to look at the negative impact for doing nothing and that SB 327 is one he believes is important to stimulate the economy for rural Oregon.

185 Sen. Ringo Asks if it is in the governor's discretion to extend tax credits.

203 Malik Responds affirmatively.

Discussion follows.

231	Sen. Ferrioli	States that enterprise zones affect the local property tax base and that passing SB 327 would not have any effect on the general fund. Discussion follows.
249	Sen. Hannon	Asks if there is a requirement for businesses in enterprise zones to maintain a business for a certain period of time, to employ employees for a certain duration, and to pay a living wage and not a minimum wage.
270	Art Fish	Discusses the process of applying for an enterprise zone credit and responds that there are wage and employee requirements.
302	Sen. Hannon	Asks if a business in an enterprise zone would qualify for other tax credits such as job training. Asks if an existing business would get the same tax credits as a new business.
339	Fish	Responds that existing businesses and new businesses are on equal footing and that businesses in an enterprise zone may qualify for other tax credits.
376	Sen. Deckert	Explains that in about a week they will look at a few tax credit bills, but that in general they are not going to look at very many.
384	Sen. Hannon	Asks how much the credit would generate in revenues above the million dollars that it costs.

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005	Fish	Gives example of business that has used the enterprise zone credit. Discusses the negative and positive impacts on revenues due to the credit.
071	Sen. Deckert	Points out that there has to be an investment for a company to get into the program.
089	Sen. Starr	MOTION: MOVES SB 327 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
096	Sen. Deckert	ORDER: ROLL CALL VOTE: SENATORS ANSWERING AYE: HANNON, RINGO, STARR, FERRIOLI, DECKERT. SENATOR EXCUSED: CORCORAN. Sen. Messerle will carry the bill on the Senate Floor.
109	Sen. Deckert	Adjourns meeting at 1:48pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 327, Mazen Malik, Staff Measure Summary, 2pp.
2. SB 327, Mazen Malik, Revenue Impact Statement, 1p.
3. SB 327, Oregon Revenue Coalition, Written Testimony, 3pp.
4. SB 327, Art Fish, Written Testimony, 2pp.