

SENATE REVENUE COMMITTEE
March 25, 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
Senator Bruce Starr

Witnesses Present: Senator Jackie Winters, District 19
Art Fish, Economic and Community Development Department
Betsy Earls, Harrang, Long, Gary, and Rudnick Law Firm
Jack M. Benton, SUMCA USA Corporation
Jim Craven, American Electronics Association
Patrick Green, Oregon AFL-CIO
Larry Glassock, Salem Economic Development Corporation
John Pascone, Albany-Millersburg Economic Development Corporation
Senator Richard Devlin, District 19

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

TAPE 70, SIDE A

003 Chair Deckert Calls meeting to order at 1:07pm.

OPENS PUBLIC HEARING ON SB 858

009 Sen. Winters Introduces SB 858 and testifies in support because it would assist companies in maintaining jobs during the current economic recession.

040 Art Fish Explains the enterprise zone program and what SB 858 does to change it.

119 Betsy Earls Introduces the SB 858-1 amendments. Exhibit 2.

126 Jack Benton Gives historical background of the SUMCO Corporation. Exhibit 3. Testifies in support of SB 858 because it would help SUMCO maintain jobs in the current economic downturn.

294 Sen. Corcoran Asks if there is a mechanism now to change the requirements for certification.

299 Benton Responds negatively.

322 Jim Craven Testifies in support of SB 858 because it will increase the chances that businesses that contribute greatly to their communities, such as SUMCO, will be able to maintain and expand employment opportunities.

341 Sen. Deckert Asks why the flexibility wasn't granted when the enterprise zone program was created.

350 Craven Responds that he doesn't know.

355 Patrick Green Testifies in neutrality of SB 858 and raises concerns that the legislature

should be cautious in making it easier for businesses to break their commitment to creating jobs. Discusses the waiver available for first source hiring agreements.

TAPE 71, SIDE A

- 004 Sen. Hannon Asks why the Oregon Revenue Coalition is neutral on SB 858 when they submitted a statement on Monday against all tax credits.
- 011 Green Responds that they are against tax credits but that they cannot testify against SB 858 because they don't know the revenue impact.
- 024 Sen. Hannon Asks about the revenue and fiscal impact.
- 028 Sen. Deckert Responds that the fiscal impact would be to the city.
- 030 Sen. Hannon Asks if SUMCO would take a deduction in income tax.
- 033 Benton Responds negatively.
- 047 Sen. Deckert Asks if SUMCO is aware of any opportunities already available to get a waiver.
- 053 Fish Responds that there are options for waivers on first source hiring agreements but that there is no flexibility for the 10 percent hiring requirement.
- 080 Larry Glassock Gives historical background of the Salem enterprise zone. Testifies in support of SB 858 because it is important to retain businesses, such as SUMCO, that invest in the community.
- 137 John Pascone Testifies in support of SB 858 and asks that the legislature look at expanding the availability of waivers to help other businesses as well. Gives example of one company in his area that is hurting but won't be helped by SB 858 because they are too small.
- 199 Sen. Deckert Asks for information about the company Pascone is referring to.
Discussion follows.
- 212 Sen. Ringo States that business tax breaks are difficult because you can only pass ones that are guaranteed to stimulate the economy and cautions against broadening the scope of the bill.
- 218 Pascone Agrees with Senator Ringo but points out that he is only suggesting that businesses who don't meet the requirements in the first year are able to apply the following year rather than in five years and is not asking to refund taxes paid.

CLOSES PUBLIC HEARING ON SB 858

OPENS PUBLIC HEARING ON SJR 28

- 245 Paul Warner Explains SJR 28 which creates a separate calculation for income derived from capital gains on both personal income and corporate income tax returns in the forecast and then if revenue exceeds the forecast by 2 percent or more, the entire amount of the excess is deposited in the Education Stability Fund. Discusses the history of capital gains revenue. Exhibit 4.
- 287 Sen. Corcoran Asks about the capital gains percentages.

292 Warner Responds that they are percentage changes from the prior year.
Discussion follows.

345 Sen. Devlin Explains reasoning for drafting SJR 28 and discusses SB 813 which was written in conjunction with the resolution.

TAPE 70, SIDE B

018 Sen. Hannon Expresses doubts about the economy making such a swift recovery.

031 Sen. Devlin Responds that even in 2009 they are not projected to be back to the 1999 level of capital gains.

039 Sen. Hannon States that he has never voted for the kicker and points out that Measure 28 would have raised the same amount of money the state gave back to the public the year before in the kicker.

047 Sen. Devlin Responds that the point of this bill is to make the forecast much more stable so that the chances of the kicker actually kicking would be decreased dramatically.

067 Sen. Ringo Expresses support for SJR 28 because it would even out the volatility in the forecast.

070 Sen. Devlin Responds by saying that one of the reasons for this bill was to create the Education Stability Fund.

087 Sen. Deckert Asks if the fact that it had to go to the public for a vote was considered.

091 Sen. Devlin Responds that he did not ask counsel whether the change was constitutional.

104 Sen. Deckert Asks what the voter receptivity is.

106 Sen. Devlin Responds that he believes people's perceptions have changed since they last talked about the kicker and that people recognize that funding for schools is needed.

CLOSES PUBLIC HEARING ON SJR 28

132 Sen. Deckert Adjourns meeting at 2:09pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 585, Mazen Malik, Staff Measure Summary, 1p.
2. SB 585, Betsy Earl, Proposed SB 858-1 amendments, 1p.
3. SB 585, Jack Benton, Written Testimony, 7pp.
4. SJR 28, Paul Warner, Staff Measure Summary, 2pp.
5. SJR 28, Paul Warner, Fiscal Impact Statement, 1p.

