

SENATE REVENUE COMMITTEE
April 16, 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: Veronica Rinard, Oregon Film and Video Office
Dexter Johnson, Legislative Counsel
Scott Gibson, Oregon Council for Knowledge and Economic Development

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

TAPE 95, SIDE A

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

OPENS WORK SESSION ON SB 858

075 Mazen Malik Explains SB 858, which reduces the minimum investment level and permits modification of employment level required to qualify for enterprise zone property tax exemption and the -1 amendments, which increases the investment limit to \$20 million and deletes the refund for paid taxes.

100 Sen. Ringo MOTION: MOVES SB 858-1 AMENDMENTS DATED 3/6/03 BE ADOPTED.

103 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 5-0-1. SENATOR EXCUSED: STARR.

105 Sen. Ringo MOTION: MOVES SB 858 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

107 Sen. Corcoran Discusses concerns by labor over the bill.

125 Sen. Hannon Explains why he is a no vote.

135 Sen. Deckert ORDER: ROLL CALL VOTE: MOTION PASSES: 5-1-0.
SENATORS ANSWERING AYE: CORCORAN, RINGO, STARR, FERRIOLI,
DECKERT. SENATORS ANSWERING NO: HANNON
Sen. Winters will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON SB 858

OPENS WORK SESSION ON SB 313

147 Sen. Deckert Explains that SB 313 has been used as a vehicle for the film industry.

152 Paul Warner Explains SB 313, which is an alternative to SB 79 and would allow people to purchase tax credits and then make a donation into the Film Development

Fund to be used to offset the cost of production in Oregon.

- 175 Veronica Rinard Explains that they are looking at tax credits as an alternative to using general fund money and why they do not just give tax credits to production companies. Explains the process of selling tax credits and issues with it. Discusses other states incentives. States that this is her second choice.
- 279 Warner Explains the revenue impact of SB 313.
Discussion follows.
- 310 Sen. Ringo Asks what other states use as a revenue source.
- 315 Rinard Responds that most other states use general funds or lottery funds and use it as an economic development program.
- 327 Sen. Ringo Asks what the problem was with SB 79.
- 335 Rinard Responds that it would be difficult to take money from the general fund in this budget time.
- 353 Sen. Deckert States that SB 79 needs to go to Ways and Means and this is the proposal to keep a bill from going there.
- 356 Sen. Ringo Asks about retaining a tax credit marketer.
- 359 Rinard Responds that one requirement is that they have to obtain a tax credit marketer and that she would change the language to just a marketer.
- 368 Sen. Ringo Asks what the transaction costs are there with the tax credits.
- 373 Rinard Responds that it depends on whether the federal government decides to label the purchase of tax credits as a charitable donation and discusses the costs of a tax credit marketer.
- 390 Sen. Ringo Asks if there is a case pending on the federal issue.

TAPE 96, SIDE A

CLOSES WORK SESSION ON SB 313

OPENS WORK SESSION ON SB 362

- 003 Scott Gibson Explains the intent of SB 362 of providing an incentive only for people who would move from out of the state and invest in Oregon. States that only two people in Oregon would qualify and that he could get letters from them saying they would not try to obtain the credit. Discusses the -2 amendments, which tighten the language and make it more difficult to qualify.
- 033 Sen. Starr MOTION: MOVES SB 362-2 AMENDMENTS DATED 4/15/03 BE ADOPTED.
- 037 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 5-0-1. SENATOR EXCUSED: CORCORAN.
- 040 Sen. Starr MOTION: MOVES SB 362 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
- 043 Sen. Hannon States that in these economic times he cannot vote for a bill to give tax

breaks.

- 052 Gibson Reiterates that only two people in Oregon would qualify for the credit and that it would only bring revenues in.
Discussion follows.
- 080 Sen. Ferrioli States that he would like to have the letters from the two qualified Oregon capital venture firms that they would not be applying for this incentive before the bill is moved.
- 090 Sen. Deckert States that he feels comfortable moving the bill forward and obtaining the letters for the floor speech.
- 100 Sen. Ferrioli States that he supports the concept but doesn't see any reason why they can't wait a day or two to move the bill forward.
- 109 Sen. Deckert Responds that they will hold the bill for a couple of days.

CLOSES WORK SESSION ON SB 362

OPENS WORK SESSION ON SB 313

- 116 Dexter Johnson Discusses the process at the state and federal level to determine whether purchasing tax credits could be used as a charitable donation.
- 144 Sen. Ringo Asks if a child care contribution could be looked upon differently than one for film.
- 147 Johnson Responds that it is a contribution to a state agent and it would not matter.
- 150 Sen. Ferrioli Asks if a disconnect from the federal code would affect this.
- 159 Johnson Responds that there is specific language in the child care division tax credit that deals with that question and that the changes are legislative changes so the question of connect and disconnect does not arise.
- 169 Sen. Deckert States that they will bring the bill back next week.
- 174 Rinard Responds that they will do further research and discusses problems with SB 313.

CLOSES WORK SESSION ON SB 313

- 190 Sen. Deckert Adjourns meeting at 1:49pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. SB 858, Mazen Malik, Staff Measure Summary, 1p.
2. SB 858, Mazen Malik, Revenue Impact Statement, 1p.
3. SB 858, Betsy Earls, Written Testimony, 1p.

4. SB 313, Paul Warner, Proposed SB 313-1 Amendments, 4pp.
5. SB 313, Veronica Rinard, Written Testimony, 4pp.
6. SB 313, Williamson-Smith, Written Testimony, 1p.
7. SB 362, Lizbeth Martin-Mahar, Proposed SB 362-2 Amendments, 8pp.
8. SB 362, Lizbeth Martin-Mahar, Staff Measure Summary, 2pp.
9. SB 362, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.