

SENATE REVENUE COMMITTEE
April 8, 2003 1:00 PM STATE CAPITOL BUILDING

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

Members Excused: Senator Tony Corcoran
Senator Lenn Hannon

Witnesses Present: Allen Ally, Oregon Council on Knowledge and Economic Development
Scott Gibson, Oregon Council on Knowledge and Economic Development
Keith Barnes, Former Venture Capitalist
Jim Johnson, Former Plant Manager, Intel
Michael Slater, Revenue Coalition
Patrick Green, Revenue Coalition
James Hamrick, Parks and Recreation Department
Kevin Montgomery Smith, Portland Business Alliance

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

TAPE 84, SIDE A

004 Chair Deckert Calls meeting to order at 1:07pm

OPENS PUBLIC HEARING ON SB 362

010 Lizbeth Martin-Mahar Explains SB 362 which provides an income tax exemption for 7 years for venture capitalists and senior research faculty. Exhibit 2. Discusses proposed SB 362-1 amendment (Exhibit 1) and issues that add to the uncertainty of a revenue impact. Exhibit 3.

090 Allen Ally Discusses his own venture capital company and his experiences with tax incentives. Testifies in support of SB 362 because surrounding states already have the tax expenditures in place, putting Oregon at a disadvantage.

124 Scott Gibson Stresses that SB 362 has such high standards that it would only benefit top venture capitalists who move to Oregon and points out that a person must invest \$2 million each year. Points out that it is revenue neutral because the two people in Oregon who could qualify have agreed not to apply.

202 Keith Barnes Discusses his own venture capital experience. Testifies in support of SB 362 because it would draw companies from outside the state to invest in the companies in Oregon.

268 Sen. Ringo Asks about the ambiguity of the bill.

270 Sen. Deckert Asks Gibson to meet with revenue staff to discuss any amendments that need to be drawn up.

287 Gibson Responds that they can tighten the language to ensure that people must apply every year and must have primary residence in Oregon.

Discussion follows.

330 Jim Johnson Discusses the difference between venture capitalists and other companies and testifies in support of SB 362 because providing incentives will make Oregon a world leader in technology research.

TAPE 85, SIDE A

015 Sen. Deckert States that it seems to him that this bill is revenue positive.

020 Gibson Discusses new jobs and new revenues that would be created from SB 362.

Discussion follows.

044 Michael Slater Testifies in opposition to SB 362 because it creates a new tax expenditure but fails to remove a tax expenditure in its place, is taxes workers but does not tax investors, and it gives investors breaks when state agencies are suffering.

080 Patrick Green Adds that an OTIM analysis needs to be done before the bill should be passed in order to see how many jobs would be created and that they should be looking at providing incentives for industries already in Oregon that has suffered from the recession.

108 Sen. Deckert Asks how SB 362 could have a negative revenue impact.

120 Green Responds that it could be an oversight in reading the bill, but that he needs to know how many jobs would be created from it.

131 Sen. Deckert Declares that one job is better than none.

Discussion follows.

145 Sen. Ferrioli Points out that they are trying to move towards accountability with tax expenditures by weighing the expenses against the benefits and that industrial jobs take much more investment to get the same benefit.

177 Sen. Ringo States that he is persuaded that SB 362 would not take money away from the general fund and that it would only bring people and their money to Oregon.

196 Green Responds that they won't know if it would take away money until the revenue impact is issued.

214 Sen. Starr States that the bill is about adding value to the general fund and not reallocating them.

247 Sen. Deckert Discusses intent of bill to provide for economic growth.

248 Slater Responds that they have a difference in philosophy.

CLOSES PUBLIC HEARING ON SB 362

OPENS PUBLIC HEARING ON SB 778

300 Sen. Starr Introduces SB 778 and discusses the intent of using the relating clause to look at using historical rehabilitation as an economic development tool.

333 James Hamrick Discusses long time support of the historic property tax credit concept but expresses opposition to SB 778 because it would benefit large commercial

interests and not small commercial interests and residential historic properties.

419 Sen. Deckert

Asks if Parks and Recreation should administer this bill.

421 Hamrick

Responds that the Parks department has been managing all of the state and federal historic programs for over thirty years and that they have all the resources to run it.

Discussion follows.

TAPE 84, SIDE B

028 Kevin Montgomery
Smith

Testifies against SB 788, giving several ideas on how the program could be improved. Discusses programs in other states.

CLOSES PUBLIC HEARING ON SB 788

119 Sen. Deckert

Adjourns meeting at 2:12pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. SB 362, Lizbeth Martin-Mahar, Proposed SB 362-1 Amendments, 1p.
2. SB 362, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
3. SB 362, Lizbeth Martin-Mahar, Issues Which Add to Uncertainty of Revenue Impact, 1p.
4. SB 778, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
5. SB 778, James Hamrick, Written Testimony, 1p.