

SENATE REVENUE COMMITTEE
May 12, 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: Randall Edwards, State Treasurer
Michael Parker, College Savings Network
Gratton Kerans, Oregon University System
Representative Deborah Kafoury, District 43
Rebecca Shine, State Advisory Committee to the Child Care Division
Lara Smith, Dave Barrows & Associates

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

TAPE 119, SIDE A

004 Chair Deckert Calls meeting to order at 1:09 pm.

OPENS WORK SESSION ON HB 2186 A

013 Lizbeth Martin-Mahar Explains HB 2186-A8 amendments (Exhibit 1), which clarifies the intent of the bill and resolves conflicts.

030 Sen. Deckert Asks if the Department of Revenue is good with the amendments.
Affirmative nod.

033 Sen. Hannon MOTION: MOVES HB 2186--A8 AMENDMENTS DATED 5/8/03 BE ADOPTED.

037 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 4-0-2.
SENATORS EXCUSED: STARR, FERRIOLI.

039 Sen. Hannon MOTION: MOVES HB 2186 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

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

OPENS PUBLIC HEARING ON HB 2664 A

050 Martin-Mahar Explains HB 2664, which allows contributions to the college savings network to be claimed as a deduction for 4 subsequent years and changes the name of the program (Exhibit 5). Discusses the revenue impact (Exhibit 6).

083	Randall Edwards	Testifies in support of HB 2664 because it provides an opportunity for Oregonians to save and invest. Discusses the success of the Oregon College Savings Program.
139	Michael Parker	Explains the major elements of HB 2664.
158	Sen. Hannon	Asks if the state is required to change the program here every time the federal code changes.
162	Parker	Responds affirmatively.
165	Sen. Hannon	Asks if the federal tax proposal would affect this as well.
170	Parker	Responds negatively. Discussion follows.
178	Sen. Ringo	Asks about the assumptions made in the fiscal impact in regard to the tax deduction.
188	Edwards	Responds that the idea behind the bill is to front load the investment in order to see larger returns and that they don't have any idea if there will be an increase in investments.
205	Sen. Ringo	Asks why there is a tax reduction to the state of Oregon.
209	Parker	Responds that they don't believe it will dramatically increase the investment because most people now put in the amount of the deduction. Discussion follows.
227	Martin-Mahar	Explains how the revenue impact was determined.
240	Sen. Deckert	Asks how many are contributing more than \$2,000 a year.
242	Parker	Responds that the average account size is \$3,700.
245	Sen. Deckert	Asks who would benefit from this bill.
251	Parker	Responds that most families have an income of at least \$60,000 and have children that are about 7.5 years old.
253	Sen. Ringo	Points out that people could invest after the first year.
258	Martin-Mahar	Explains that after each year, it is assumed that a certain amount will roll forward to the next. Discussion follows.
277	Edwards	States that it is hard to predict if people will invest more, but that he doubts they will see the estimated revenue impact.
292	Parker	States that only half of the investors took the deduction they were allowed. Discussion follows.
334	Sen. Ringo	States that he is skeptical of the impact, but supports the idea.

- 338 Sen. Deckert Asks what the rationale for giving additional reductions to families that are making over \$60,000.
- 349 Parker Responds that they are trying to target middle and low income residents and to get people to invest earlier to have larger returns.
- 376 Gratton Kerans Testifies in support of HB 2664 because it is a great tool for low income residents to gain access to higher education.

CLOSES PUBLIC HEARING ON HB 2664 A

OPENS WORK SESSION ON HB 2664 A

TAPE 120, SIDE A

- 005 Sen. Ringo MOTION: MOVES HB 2664 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
- 010 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 2664 A

OPENS PUBLIC HEARING ON HB 3184 A

- 014 Martin-Mahar Explains HB 3184 which adds a definition for high quality child care and tax credit marketer (Exhibit 9). Discusses the –A5 amendment, which makes changes to the administration of refunds for the working family tax credit (Exhibit 8).
- 053 Rep. Kafoury Testifies in support of HB 3184 because it makes technical changes to the child care tax credit that passed last session but wasn't able to be implemented due to technical problems.
- 068 Rebecca Shine Testifies in support of HB 3184 because it provides an incentive to the private sector to increase their investments in child care and benefits to children of low and moderate incomes. Refer to written testimony (Exhibit 11).
- 084 Lara Smith Offers support for HB 3184.

Discussion follows.
- 097 Sen. Ringo Expresses support for HB 3184.
- 103 Sen. Deckert Asks for an example of how the program would work.
- 106 Shine Explains the process of the program.
- 121 Sen. Deckert Asks if this is modeled from another state.
- 123 Shine Responds that it is modeled after the housing tax credit program.

CLOSES PUBLIC HEARING ON HB 3184 A

OPENS WORK SESSION ON HB 3184 A

- 132 Sen. Hannon MOTION: MOVES HB 3184--A5 AMENDMENTS DATED 5/12/03 BE ADOPTED.
- 135 Sen. Deckert ORDER: HEARING NO OBJECTION, MOTION PASSES: 5-0-1. SENATORS EXCUSED: STARR.
- 139 Sen. Hannon MOTION: MOVES HB 3184 TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
- 145 Sen. Deckert ORDER: ROLL CALL VOTE: MOTION PASSES: 5-0-1. SENATORS ANSWERING AYE: CORCORAN, HANNON, RINGO, FERRIOLI, DECKERT. SENATORS EXCUSED: STARR. Sen. Corcoran will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON HB 3184 A

- 147 Sen. Deckert Adjourns meeting at 1:45 pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 2186 A, Lizbeth Martin-Mahar, Proposed HB 2186-A8 Amendments, 10pp.
2. HB 2186 A, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
3. HB 2186 A, Lizbeth Martin-Mahar, FTA Bulletin, 4pp.
4. HB 2186 A, Lizbeth Martin-Mahar, Preliminary Revenue Impact, 2pp.
5. HB 2664 A, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
6. HB 2664 A, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
7. HB 2664 A, Randall Edwards, Written Testimony, 2pp.
8. HB 3184 A, Lizbeth Martin-Mahar, Proposed HB 3184-A5 Amendments, 5pp.
9. HB 3184 A, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
10. HB 3184 A, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
11. HB 3184 A, Rebecca Shine, Written Testimony, 4pp.