

SENATE REVENUE COMMITTEE
May 6, 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 Rick Metsger, District 26
Gary Bower, Northwest Natural
Roy Hemmingway, Public Utility Commission
Gary Conklin, Industrial Customers of NW Utilities
Jeff Bissonnette, Citizens' Utility Board of Oregon
Debra Buchanan, Department of Revenue
Rob Douglas, Columbia River Steamship Operators
Keith Leavitt, Port of Portland
Representative Tom Butler, District 60

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

TAPE 114, SIDE A

004 Chair Deckert Calls meeting to order at 1:08pm.

OPENS PUBLIC HEARING ON HB 2671 A

018	Sen. Metsger	Explains the proposed –A2 amendments which requires that public utilities file a non-consolidated income tax statement and discusses the reasoning behind it. Exhibit 1.
082	Sen. Ferrioli	States that he estimates that the bill only applies to three utilities in the state and that they do a thorough analysis of how they will fit into a more global network. Asks how potential purchasers would look at the disintegration of this tax structure.
099	Sen. Metsger	Responds that it is impossible to know whether it would have a positive or negative impact and asks if the state wants to encourage out of state ownership.
108	Sen. Ferrioli	Responds that it is irrelevant to the tax treatment of this issue. Discussion follows.
124	Sen. Metsger	States that the issue is that taxpayers are paying taxes that are figure into the rates and then the utility companies aren't paying taxes themselves.
132	Sen. Ferrioli	Expresses concern with making a change in the tax treatment when they are actively marketing themselves.

164	Sen. Deckert	Asks if he spoke to the sponsors about the amendment.
167	Sen. Metsger	Responds positively.
178	Gary Bower	Testifies that the bill would affect his company but he doesn't know if it would be positive or negative.
186	Roy Hemingway	Testifies that he cannot take a position on the bill. Discusses problems with utility taxes and other possible solutions.
		Questions and answers interspersed.
316	Gary Conklin	States that he is not able to take a position at this time, but expresses concern that it would raise the rates.
362	Jeff Bissonnette	States that he hasn't been able to look at the amendment yet but points out that this amendment doesn't harm rate payers.
395	Debra Buchanan	Expresses concern that the amendment isn't getting at the intention.
		Questions and answers interspersed.

TAPE 115, SIDE A

CLOSES PUBLIC HEARING ON HB 2671 A

OPENS PUBLIC HEARING ON HB 2625

028	Mazen Malik	Explains HB 2625 which reactivates property tax exemption for cargo containers and establishes sunset at the year 2010. Exhibit 9. Discusses revenue impact. Exhibit 10.
058	Rob Douglas	Testifies in support of HB 2625 because it would continue the property tax exemption that has never been taxed and is not taxed in neighboring states.
		Discussion follows.
074	Sen. Ringo	Asks if they are taxed anywhere in the Country.
075	Douglas	Responds negatively.
080	Keith Leavitt	Testifies in support of HB 2625 because it would allow Oregon to remain competitive.
089	Sen. Starr	Asks why they need a sunset at all.
092	Douglas	Responds that he doesn't believe there needs to be one.
100	Malik	Responds that exemptions given in the state that affect counties have to have a sunset date.
108	Sen. Ferrioli	States that this is a good piece of legislation and should be passed.

CLOSES PUBLIC HEARING ON HB 2625

OPENS WORK SESSION ON HB 2625

115	Sen. Ferrioli	MOTION: MOVES HB 2625 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.
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118 Sen. Deckert ORDER: HEARING NO OBJECTION: MOTION PASSES: 5-0-1.
SENATORS EXCUSED: CORCORAN.
Sen. Ferrioli will carry the bill on the Senate Floor.

CLOSES WORK SESSION ON HB 2625

OPENS PUBLIC HEARING ON HB 2298 A

130 Malik Explains HB 2298 A which modifies requirements business firms need to meet in order to qualify for small city business development income tax exemption. Exhibit 11. Discusses revenue impact. Exhibit 12.

183 Sen. Deckert Asks if small businesses have taken advantage of this program.

194 Rep. Butler Responds that nobody has taken advantage of the exemption and that this bill fixes the program to allow communities to qualify. Explains why the program is important and what HB 2298 does to change it.

Questions and answers interspersed.

338 Sen. Deckert Asks if he thinks there are too many incentive programs.

343 Rep. Butler Responds that they are getting closer to having enough and that this bill would provide jobs for rural communities.

391 Sen. Starr Asks what's in it for rural towns in Washington county.

TAPE 114, SIDE B

006 Rep. Butler Recognizes that there are small communities in high population communities, but points out that they are within commuting range of large cities that have lower unemployment rates.

CLOSES PUBLIC HEARING ON HB 2298 A

OPENS PUBLIC HEARING ON HB 3072 A

039 Paul Warner Explains HB 3072 A which authorizes state agencies, boards and commissions that issue occupational or professional licenses to require licensees to attest to and maintain tax compliance as a condition of issuance or renewal of said license. Exhibit 14.

054 Rep. Butler Explains the goal of the bill to make certain that people licensed by the state of Oregon are paying their income taxes and bring in revenue. Discusses instances where this would be beneficial.

118 Sen. Hannon States that the bill has nothing to do with what licenses are for and disagrees with using the licensure organizations as tax collecting agencies.

141 Rep. Butler Responds that this bill is about making sure that people comply with the Oregon tax code and bringing in more revenue to the state.

Discussion follows.

169 Sen. Ferrioli Expresses concern that the bill would be retroactive and hurt people that have made a minor mistake in the past.

177 Rep. Butler Responds that a person would only be flagged if they had been charged with

a felony of falsely and willingly not paying taxes.

Discussion follows.

233 Sen. Deckert Adjourns meeting at 2:19 pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. HB 2671 A, Sen. Metsger, Proposed HB 2671-A2 Amendments, 1p.
2. HB 2671 A, Mazen Malik, Staff Measure Summary, 1p.
3. HB 2671 A, Mazen Malik, Revenue Impact Statement, 1p.
4. HB 2671 A, Art Fish, Long-Term Rural Tax Incentives, 1p.
5. HB 2671 A, Art Fish, Long-Term Rural Enterprise Zone Tax Incentives, 2pp.
6. HB 2671 A2, Lizbeth Martin-Mahar, Staff Measure Summary, 1p.
7. HB 2671 A2, Lizbeth Martin-Mahar, Revenue Impact Statement, 1p.
8. HB 2671 A2, Lizbeth Martin-Mahar, A Lawmaker's Guide to Corporate Income Tax Apportionment, 4pp.
9. HB 2625, Mazen Malik, Staff Measure Summary, 1p.
10. HB 2625, Mazen Malik, Revenue Impact Statement, 1p.
11. HB 2298 A, Mazen Malik, Staff Measure Summary, 1p.
12. HB 2298 A, Mazen Malik, Revenue Impact Statement, 1p.
13. HB 2298 A, Art Fish, Written Testimony, 5pp.
14. HB 3072 A, Paul Warner, Staff Measure Summary from House Committee on General Government, 1p.