

PUBLIC HEARING: HB 2024, HB 2035, HB 2125

PUBLIC HEARING AND WORK SESSION: HB 2124

TAPE 21 A/B

TAPE 22 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

JANUARY 24, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:53 arrive)

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Randall Edwards, State Treasurer's Office

Michael Parker, State Treasurer's Office

Doug Barber, PeaceHealth

Carol Anderson, Salem Hospital

Ed Patterson, Oregon Association of Hospitals

Steve McClure, Union County

Gil Riddell, Association of Oregon Counties

Charles Stern, Yamhill County Clerk's Office

John Phillips, Department of Revenue

Debra Buchanan, Department of Revenue

TAPE 21, SIDE A

005 Chair Shetterly Meeting called to order at 1:42 p.m.

OPENED PUBLIC HEARING ON HB 2124 and HB 2125

014 Chair Shetterly Advised that HB 2125 needs amendments so a work session will not be held today.

016 Randall Presented testimony in support of HB 2124.
Edwards (Exhibits 1 and 3)

071 Michael Parker Presented testimony in support and reviewed HB 2124 section by section, (Pages 1-2, Exhibit 1).

Questions and discussion regarding the mechanics of opening up the plan under Section 5.

185 Parker Continued testimony in support of HB 2124, (Page 2, Section 6, Exhibit 1).

253 Edwards Presented testimony in support of HB 2125 and noted that the measure does not adequately correct the tax problem; requested amendments be drafted to close the loophole. (Exhibit 2)

283 LRO Staff Distributed House Student Achievement and School Accountability Staff Measure Summary, Revenue Impact statement and Fiscal statement for HB 2124 and HB 2125. (EXHIBITS 4-5)

OPENED WORK SESSION ON HB 2124

299 Vice Chair **MOTION: MOVED HB 2124 TO THE**
Kafoury **HOUSE FLOOR WITH A DO PASS**
RECOMMENDATION.

303

ROLL CALL VOTE: MOTION PASSED 8-0-1

REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Williams, Witt, Carlson, Kafoury, Chair Shetterly

REPRESENTATIVES EXCUSED: Hass

Vice Chair Kafoury will carry the bill.

OPENED PUBLIC HEARING ON HB 2035

337 Lizbeth Martin-Mahar Provided a description of the measure and discussed the background. (EXHIBIT 6)

394 Doug Barber Presented testimony in support of measure. (Exhibit 7)

TAPE 22, SIDE A

026 Carol Anderson Presented testimony in support of measure. (Exhibit 8)

043 Ed Patterson Spoke in support of the measure.

LRO Staff Distributed testimony from Oregon Health Sciences University. (EXHIBIT 9)

045 Rep. Witt Summarized the "tax fairness" issue being brought forward and questioned if correction should be made for other liens falling in this category.

067 Barber Concurred.

078 Steve McClure Presented testimony in opposition to measure. (Exhibit 10)

132 Charles Stern Spoke in opposition to the measure.

160 Gil Riddell Spoke in opposition to the measure and referenced first page of Mr. McClure's submitted testimony. (EXHIBIT 10)

181 Rep. Witt Questioned if the proponents' position would change the nature of the agreement last session and open the way for other types of documents that pay the fee, as prescribed by the 1999 legislation, to request correction.

190 Stern Concurred.

224 John Phillips Provided background on the 1999 legislation, reviewed how the collected dollars are allocated

and noted that HB 2035, as one exception, would not jeopardize the Oregon mapping project, but many more exceptions could jeopardize the funding to that project.

OPENED PUBLIC HEARING ON HB 2024

- 260 Ed Waters Provided a description of the measure and discussed the background. (EXHIBIT 11)
- 335 Waters Reviewed scenarios of representative taxpayers under current law and HB 2024, (Page 2, Exhibit 11).
- Noted that "HB 2024 does not equalize every case and it is not a technical fix so much as a policy decision."
- 408 Rep. Witt Questioned how many taxpayers will be affected by this situation; "is it minimal or could it have significant impact?"
- 452 Waters Does not believe it is far-reaching, but cautioned that it hinges on taking the federal standard deduction and Oregon itemized deduction and noted the differences between those two deductions.

TAPE 21, SIDE B

- 020 Debra Buchanan Concurred with Waters that it is primarily a policy question. Discussed "double dipping".
- 037 Chair Shetterly What is the policy question?
- 040 Buchanan "The policy question is whether the person claiming a deduction, for Oregon's purposes, should also be able to take a credit."
- 042 Rep. Witt Referenced printed measure, ", Page 2, Line 31, and provided his interpretation of the first word "any.
- 051 Waters Does not believe that language applies to the whole deduction; the intent is to apply any amount or long term care insurance premiums paid.
- 055 Rep. Witt Questioned what happens if the long term medical care insurance premium is \$3,000 and the maximum credit allowed is \$500 would the remaining \$2,500 qualify for the deduction or not under the language of the measure.

Questions and discussion regarding whether that qualifies as double dipping or not and the intent of the measure. Discussion of 1999 legislative intent — to make long term care insurance more affordable.

- 081 Rep. Williams What are the dollars being discussed?
- 085 Buchanan Can provide that information.
- 089 Rep. Williams Reiterated Rep. Witt's comments on the 1999 legislative intent.
- 094 Chair Shetterly Who introduced the measure?
- 097 Waters "During a rulemaking process it was noted that different taxpayers, under different circumstances, were treated differently and the question arose as to whether that was the intent of the original measure."
- 103 Rep. Bates Clarified that everyone might gain from this measure, some might get more depending on how they file, correct.
- 108 Waters Concurred.
- 112 Chair Shetterly "This measure would not necessarily level the playing field?"
- 116 Waters Concurred.
- 127 Chair Shetterly Meeting adjourned at 2:45 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2124, Testimony, Edwards, 2 pages
2. HB 2125, Testimony, Edwards, 1 page
3. HB 2124, Testimony, Edwards, 35 pages
4. HB 2124, House Student Achievement and School Accountability Staff Measure Summary and Revenue and Fiscal statements, LRO Staff, 3 pages
5. HB 2125, House Student Achievement and School Accountability Staff Measure Summary and Revenue and Fiscal statements, LRO Staff, 3 pages

6. HB 2035, House Health and Public Advocacy Staff Measure Summary, Preliminary Staff Measure Summary and Revenue and Fiscal statements, LRO Staff, 4 pages
7. HB 2035, Testimony, Barber, 2 pages
8. HB 2035, Testimony, Anderson, 1 page
9. HB 2035, Testimony, Crane, 1 page
10. HB 2035, Testimony, McClure, 2 pages
11. HB 2024, Summary Sheet, Revenue and Fiscal statements, LRO Staff, 4 pages