

**HOUSE SCHOOL FUNDING AND TAX
FAIRNESS/REVENUE COMMITTEE**

JANUARY 25, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (2:33 arrived)

Representative Bill Witt

Members Excused: Representative Janet Carlson, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Debra Buchanan, Department of Revenue

Rob Douglas, Oregon Society of Certified Public Accountants

Kim Spaulding, Oregon Society of Certified Public Accountants

TAPE 1, SIDE A

020 Chair Shetterly Meeting called to order at 1:54 p.m. The Committee will not meet tomorrow.

OPENED PUBLIC HEARING ON HB 2272

036 Debra Buchanan Presented testimony in support of measure. (Exhibit 1)

089 Buchanan Continued with testimony in support of measure and Sections 7-9, (Page 3, Exhibit 1)

175 Buchanan Continued with testimony in support of measure and Sections 10-14, (Page 3, Exhibit 1).

254 Chair Shetterly "The solution for Sections 17-18 is not correct," (Page 4, Exhibit 1)?

257 Buchanan Concurred, the statute should be revised to provide a 90-day appeal period. Continued with testimony and Sections 19-20, (Page 5, Exhibit 1).

302 Buchanan Continued with testimony and Sections 34-52, (Page 7, Exhibit 1).

339 Rep. Bates Cites possible scenario; does Section 33 offer any protection under that scenario, (Page 7, Exhibit 1)?

360 Buchanan The proposal would allow charging interest on only the "safe harbor" amount (\$250) that should have been made; under existing law interest could be charged on \$25,000.

373 Rep. Witt Questions and discussion regarding how Section 15 will change existing law.

406 Rep. Witt "What are the requirements to file federal income tax?"

408 Buchanan Cited requirements.

419 Rep. Witt Restated situations under which an Oregon return would need to be filed.

TAPE 24, SIDE A

003 Chair Shetterly Does the Department of Revenue have an amendment to the measure?

005 Buchanan The Department would request an amendment; federal legislation was recently passed that pertain to the Medical Savings Account provisions.

024 Rob Douglas Provided background information on the

reconnecting of Oregon tax law to conform to federal tax law. Provided testimony as to the changes that have taken place to the federal tax code during the interim and the effect on the Oregon tax code.

- 052 Kim Spaulding Explained structure of the booklet and reviewed changes to the federal tax law, beginning with Recommendations A; no changes to Oregon's law are required, (Page 7, Exhibit 2).
- 124 Spaulding Reviewed Recommendations B for the reconnect act and noted that no change needs to be made to Oregon law as it is not impacted by the federal changes, (Page 12, Exhibit 2).
- 163 Chair Shetterly Requested clarification on the responsibility of the Committee to review changes to federal tax law and how that impacts Oregon tax law.
- 170 Ed Waters "The Committee has the right and responsibility to review changes in the federal law since the legislature was last in session and decide whether or not to connect with the changed provisions."
- 190 Rep. Witt Requested Spaulding expand on Section 536.
- 193 Spaulding That has been repealed so no action is needed.
- LRO Staff Distributed Fiscal Impact statement. (EXHIBIT 3)
- 219 Chair Shetterly Each member has been provided a copy of the School Formula Revenue Summary, which was distributed to the Senate Committee today. (EXHIBIT 4)
- "This is **only** Simulation #1; this is by no means a completed process, there will be many more simulations." Cautioned members to notice the assumptions on which the numbers are based.
- 251 Paul Warner Noted that the local resource projections and common school fund are already areas for concern.
- 277 Chair Shetterly Meeting adjourned at 2:39 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2272, Testimony, Buchanan, 11 pages
2. HB 2272, Booklet on "Tax Relief Extension Act of 1999, Douglas, 17 pages
3. HB 2272, Fiscal statement, LRO Staff, 1 page
4. Informational, School Formula Revenue Summary, LRO Staff, 15 pages