

INFORMATIONAL

PUBLIC HEARING: HB 2676, HB 2677

TAPE 49 A/B

TAPE. 50 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

FEBRUARY 15, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (2:00 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (2:06 arrived)

Representative Bill Witt (2:12 arrived)

Members Excused: Representative Deborah Kafoury, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Joan Sawicki, Member of the British
Columbia Legislative Assembly

Rob Patridge, Representative, Oregon House District
50

Micheal Powell, Multnomah County Employer

Marc Overbeck, Oregon Child Care Commission

Becky Shine, Enterprise Foundation

Jeff Merkley, Representative, Oregon House District
16

Glenn Hartel, Multnomah County Citizen

Debra Buchanan, Department of Revenue

Judy James, Legislative Fiscal Office

TAPE 49, SIDE A

003 Chair Shetterly Meeting called to order at 1:39 p.m.

OPENED PUBLIC HEARING ON HB 2676

008 Ed Waters Provided a description of the measure and discussed the background. (Exhibits 1-3)

025 Rep. Rob Spoke in support of the measure.
Partridge

053 Chair Shetterly Questions and discussion regarding amending the measure to include the tax credit for facilities and whether the relating clause is broad enough to allow that.

068 Rep. Bates Questions and discussion regarding why the employers taking advantage of this are so few and are they primarily large, medium or small employers.

090 Rep. Hass Expressed concern that employers are not more aware of this credit.

107 Marc Overbeck Spoke in support of the measure and responded to previous questions.

161 Michael Powell Spoke in support of the measure.

218 Rep. Brown How would a small business participate in the program?

222 Powell Discussed various methods of utilizing the credit.

243 Overbeck Reviewed handout and how a business owner can utilize the credit, (Exhibit 4).

- 260 Members Questions and discussion regarding the child care credit and how it can be fully utilized.
- 303 Becky Shine Spoke in support of the measure.
- 330 Rep. Beck Questions and discussion regarding increasing the amount of the child care credit.
- 349 Chair Shetterly Directed staff to prepare amendment to incorporate the facilities credit.

OPENED PUBLIC HEARING ON HB 2677

- 365 Paul Warner Provided a description of the measure and discussed the background. (Exhibit 5)

The (-1) amendment would limit the measure to individual taxpayers only. (Exhibit 6)

The measure, written with the (-1) amendments, is built into the Governor's budget so there would be no fiscal impact. If the measure were adopted in its original form inclusive of corporate there would be a fiscal impact.

- 394 Debra Buchanan Spoke in support of the measure.
- 410 Chair Shetterly Have you talked with the co-chairs of Ways and Means as to the fiscal piece of this?
- 418 Buchanan No; my understanding is we are not requesting funding from Ways and Means because we have received positions from the Emergency Board in December 1999.

TAPE 50, SIDE A

- 014 Rep. Hass Should this be done with "kicker" refunds; is this an efficient cost saving step?
- 020 Buchanan Responded and discussed possible difficulties that could be involved with carrying this process on through to the "kickers".
- 033 Warner Noted the effective date of the measure and how that would correspond with a "kicker" refund.
- 042 Judy James Reviewed fiscal impact figures with the (-1) amendments, which is included in the Governor's budget.
- 051 Chair Shetterly Is the \$150,000 in the co-chairs budget as well?
- 053 James It has not progressed that far.
- 054 Rep. Jeff Spoke in support of the measure.

Merkley

- 062 Glenn Hartel Spoke in support of the measure.
085 Rep. Merkley Summarized comments in support of measure.

INFORMATIONAL MEETING

- 145 Joan Sawicki Discussed sustainability and tax shifting, as it relates to environment and shared how British Columbia has grappled with these issues.
- 285 Sawicki Continued presentation and discussed the Oregon's "sustainability study bill", which approaches tax shifting and sustainability from a disincentive perspective. This is a novel approach and I am interested in tracking the outcome of the measure. Concluded presentation.
- 315 Members Questions and discussion regarding industry and competitiveness, and who bears the cost, the business or the individual.

TAPE 49, SIDE B

- 020 Members Continued with questions and discussion regarding tax shifting and fairness, policy vs. politics and moving the conversation into the mainstream and out of "like-minded" discussion groups.
- 133 Members Continued with questions and discussion regarding tax shifting and effects on behavior, business and individuals.
- 170 LRO Staff Distributed following materials on tax shifting and sustainability:
1. News Articles (Exhibit 9)
 2. Tax Shift Booklet (Exhibit 10)
- 172 Chair Shetterly Meeting adjourned at 2:52 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2676, Staff Measure Summary, Waters, 1 page
2. HB 2676, Handout from Tax Expenditure Report, Waters, 2 pages
3. HB 2676, ORS 315.204, Waters, 6 pages
4. HB 2676, Handout, Overbeck, 2 pages
5. HB 2677, Staff Measure Summary, LRO Staff, 1 page
6. HB 2677, (-1) amendment, (DJ/ps) 2.15//01, LRO Staff, 1 page
7. Informational, Handout, Sawicki, 11 pages
8. Informational, Flyer, LRO Staff, 1 page
9. Informational, News Articles, Sawicki, 13 pages
10. Informational, Booklet, Sawicki, 118 pages