

PUBLIC HEARING AND WORK SESSION: HB 2677

PUBLIC HEARING: SB 336; HB 2161, HB 2676

TAPE 59 A/B

TAPE 60 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

FEBRUARY 22, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair (1:53 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:49 arrived)

Members Excused: Representative Janet Carlson, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Becky Shine, Enterprise Foundation

Marc Overbeck, Oregon Child Care Commission

Wally Rutledge, Oregon Department of Forestry

Ray Craig, Oregon Department of Forestry

Debra Buchanan, Department of Revenue

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005 Chair Shetterly Meeting called to order at 1:44 p.m.

OPENED PUBLIC HEARING ON HB 2676

019 Ed Waters Provided a description of the measure, as amended by the (-1) amendments. (Exhibits 1-2)

034 Becky Shine Spoke in support of the measure and requested a work session be postponed pending an additional amendment. Distributed flyer for pilot program. (Exhibit 3)

107 Rep. Bates Questions and discussion regarding whether this is a duplication of what Employment Related Day Care (ERDC) is doing

131 Rep. Beck Questions and discussion regarding the sunset date and whether that should be extended out further.

150 Marc Overbeck Spoke in support of the measure and the pilot program.

179 Chair Shetterly "Why did the Commission request only a two-year extension?"

191 Overbeck "It seemed a reasonable request in light of last session's extensive review of tax credits."

197 Rep. Witt Noted that reviewing credits every two years ties in with the budget process.

205 Rep. Bates Reiterated questions and concerns relating to the ERDC and is not sure that this is the direction to go if it impacts federal funding; also requested a fiscal impact on how it would be impacted.

OPENED PUBLIC HEARING ON HB 2161

241 Richard Yates Provided a description of the measure and discussed the background and provided a revised revenue impact on the original measure, and (-1) revenue impact. (Exhibits 4-5)

Reviewed the (1) amendment. (Reference 02/14/2001, Exhibit 2)

293 Chair Shetterly Recapped discussion at prior meeting.

- 297 Yates Noted fiscal impact estimated is minimal even with expansion of the program; partially due to the fact that it is included in Forestry's base budget. A related measure will be heard next week on how to fund the administrative expense for the Department of Revenue and Forestry.
- 312 Questions and discussion regarding why the program should be expanded.
- 336 Wally Rutledge Concurred with prior comments as to Forestry positive response in the increase.
- 369 Questions and discussion regarding:
1. The fiscal impact.
 2. The revenue impact and the statutory cap.

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- 002 Rep. Hass Does not recall testimony requesting an increase — questions who would benefit outside of those currently participating.
- 012 Rutledge Cited acreage currently under production and the per year acreage; to increase the acres the tax credit percentage would need to be increased. "That was not what was requested, but when the Committee broached the subject we were supportive and believe that there would be a 50% increase in the number of landowners and acres that would participate in the program."
- 035 Rep. Witt Questions and discussion regarding that increasing the tax credit to 50% would result in more productive forestlands with all of the economic benefits that come from increased production.
- 039 Vice Chair Kafoury "Are there any numbers as to what the State's financial gain is?"
- 045 Rutledge Cited figures for increased production with an increase in the tax credit; numbers could be provided showing what that means for the State in increased taxes and job opportunities.
- 054 Ray Craig Talked of many incentives to this program aside from the financial and jobs interest.
- 067 Chair Shetterly Referenced portions of Rutledge's testimony. (Reference 02/12/2001, Exhibit 6)

084 Rep. Beck	Requested rationale for repealing the sunset rather than extending it.
096 Rutledge	Spoke to intent behind the request to eliminate the sunset.
109 Chair Shetterly	"Costs are incurred over a number of years for reforestation and you want to be able to assure landowners that the credit will be available for the years in the future?"
115 Rutledge	Concurred.
120 Rep. Beck	Would it take a 3/5 vote to repeal this tax credit?
121 Yates	Yes.
129 Rep. Beck	Spoke to this being the type of program that should be reviewed periodically and concerned about repealing the sunset.
144 Rutledge	Forestry would not object to that.
152 Rep. Witt	Noted that Rep. Beck makes a valuable point, but not sure six-years is the right timeline for review — would recommend ten-years.
169	Questions and discussion regarding the original sunset.
173 Rep. Beck	Reviewed how the program works and is not sure why a long sunset is necessary.
191 Chair Shetterly	Spoke to several ways to address the tax credit if it becomes problematic on the revenue side.
200 Rep. Witt	Responded to Rep. Beck's comment on a longer sunset.
210 Rep. Hass	Spoke in support of a ten-year sunset and clarified his stance on moving from 30% to 50% for the tax credit.
221 Chair Shetterly	Requested that an amendment be drafted to extend the sunset to ten-years.
241 Ray Craig	Responded to Rep. Hass' question on increasing the tax credit and provided history on the credit.

OPENED PUBLIC HEARING ON HB 2677

No testimony presented.

OPENED WORK SESSION ON HB 2677

288 Paul Warner	Reviewed discussion from public hearing held on February 15 and referenced amendment
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presented at that hearing to exclude the corporate piece out of the measure. (Reference 2/15/2001, Exhibits 5-6)

Reviewed the fiscal impact statement. (Exhibit 6)

321 Rep. Beck **MOTION: MOVED LC (-1) AMENDMENTS DATED 02.15//01 TO HB 2677 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT VICE CHAIR CARLSON, EXCUSED)**

324 Rep. Beck **MOTION: MOVED HB 2677 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

325 Rep. Witt "The costs to the Department of Revenue were being planned outside of this measure, correct?"

326 Warner Understood that the Department was moving in this direction and this is consistent with their budget proposals for this biennium.

342 Rep. Bates "Is the measure needed, if it was going to occur anyway?"

343 Chair Shetterly The bill is needed to authorize the direct deposit refunds; that is not included in the budget bill.

348 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

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

REPRESENTATIVES EXCUSED: Carlson

Rep. Merkley will carry the bill.

OPENED PUBLIC HEARING ON SB 336

367 Ed Waters Provided a description of the measure and discussed the background. (Exhibit 7)

399 Debra Buchanan Presented testimony in support of measure. (Exhibit 8)

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033 Rep. Bates Questions and discussion regarding the process used in the second section of the measure.

- 045 Rep. Witt "Does this give the State a greater priority for payment of taxes than it currently has, relative to other creditors of the taxpayer."
- 049 Buchanan Not sure, will find out.
- 058 Chair Shetterly Questions and discussion regarding whether collection of taxes don't already come before general creditors anyway.

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 2676, (-1) Revenue statement, LRO Staff, 2 pages
2. HB 2676, (-1) amendment, (DJ/ps) 02/19/01, LRO Staff, 4 pages
3. HB 2676, Flyer on Pilot Corporate Child Care Tax Credit, Shine, 2 pages
4. HB 2161, Revised Revenue statement, Yates, 1 page
5. HB 2161, (-1) Revenue statement, Yates, 1 page
6. HB 2677, Fiscal statement, LRO Staff, 1 page
7. SB 336, Staff Measure Summary, Revenue and Fiscal statement, LRO Staff, 2 pages
8. SB 336, Testimony, Buchanan, 2 pages