

**PUBLIC HEARING AND WORK SESSION: HB 2165**

**PUBLIC HEARING: HB 2162**

**WORK SESSION: SB 329; HB 2161**

**TAPE 67 A/B**

**TAPE 68 A**

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

---

**FEBRUARY 28, 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 (1:52 p.m.)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:49 arrived)

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Ray Craig, Department of Forestry

Wally Rutledge, Department of Forestry

Ray Wilkeson, Oregon Forest Industries Council

Kristina McNitt, Oregon Small Woodlands Association

Jim Denison, Consulting Forester

Doug Decker, Department of Forestry

**TAPE 67, SIDE A**

006 Chair Shetterly Meeting called to order at 1:45 p.m.

**OPENED PUBLIC HEARING ON HB 2162**

015 Richard Yates Provided a description of the measure and discussed the background. (Exhibit 1)

Noted the revenue impact statement is for one year, not two so it needs to be doubled, (Page 2, Exhibit 1).

Reviewed the table titled "Western Oregon Timber Tax Account: Revenues, Expense, and Transfers", which shows what is happening as the new programs are phased-in. (Exhibit 2)

020 LRO Staff Distributed submitted testimony from Ilene Waldorf. (Exhibit 3)

065 Chair Shetterly Questions and discussion regarding the decline in revenues, but starting with this biennium a static amount of administrative costs.

085 Wally Rutledge Presented testimony in support of measure. (Exhibit 4)

150 Chair Shetterly Clarified that the amendment would provide a two-year sunset giving the Department time to work out the administrative aspects and see what other developments occur in forest taxation.

155 Rutledge Concurred.

158 Ray Craig This measure is not the correct vehicle to provide stable, long term funding for the two programs; the two-year sunset would buy time to achieve that goal.

169 Ray Wilkeson Spoke in support of the measure.

194 Kristina McNitt Presented testimony in support of measure. (Exhibit 5)

222 Jim Denison Spoke in support of the measure.

#### **OPENED PUBLIC HEARING ON HB 2165**

284 Richard Yates Provided a description of the measure and discussed the background. (Exhibit 6)

306 Doug Decker Presented testimony in support of measure. (Exhibit 7)

#### **OPENED WORK SESSION ON HB 2165**

401 Rep. Witt **MOTION: MOVED HB 2165 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

406 **ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

**Rep. Hass will carry the bill.**

#### **OPENED WORK SESSION ON HB 2161**

##### **TAPE 68, SIDE A**

009 Richard Yates The measure has two amendments; the (-1) amendment was distributed at the February 14 meeting, (Reference 02/14/2001, Exhibit 2).

Provided a description of the measure and the (-2) amendments. (Exhibit 10)

Discussed the revenue impacts for the original measure and for the (-1) impact, the revenue impact for the (-1) amendments would not change under the (-2) amendments. (Exhibits 9-10)

030 Chair Shetterly This is well within the cap built into the statute that authorizes the credit, correct?

035 Yates Concurred; discussed the spreadsheet titled "Economics of Reforestation Tax Credits". (Exhibit 8)

084 Rep. Witt Noted the importance of allowing Oregon's private forestland to be as productive and well managed as possible as the federal timber is withdrawn from the marketplace.

- 095 Chair Shetterly Concurred and commented that the measure could result in a net increase in forest related jobs.
- 097 Ray Craig Provided historical perspective on Oregon forestland for the last 25 years.
- Recapped questions posed by the Committee at the February 22 meeting and reviewed two handouts in response to questions. (Exhibit 12)
- 194 Wally Rutledge Discussed the bar graph to show the advantages of increasing the number of acres under different percentages, (Page 3, Exhibit 12).
- 241 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 02/14/2001 TO HB 2161 BE ADOPTED.**
- 247 Vice Chair Carlson Questioned which revenue impact statement is correct — the one dated February 22, (Reference 02/22/2001, Exhibit 5) and one dated today, (Exhibit 10).
- 249 Yates The one dated today is the correct statement. (Exhibit 10)
- 287 Vice Chair Carlson "The \$499,100 revenue impact estimate for 2001-03 encompasses the \$299,500?"
- 288 Yates Yes.
- 290 Vice Chair Carlson "Is any of this anticipated in the Governor's budget?"
- 303 Craig "The Governor's budget anticipates that the program would continue at the 30% level."
- 311 Chair Shetterly Speaks to procedural process he would like to see used on these types of issues.
- 315 Rep. Witt Noted that by increasing this to 50% and extending the sunset encourages better private economic activity and more revenues coming to the State.
- 320 Rep. Bates Questions and discussion regarding the number of acres involved and the current annual cap.
- 338 Rutledge "The potential number of acres is 1.5 million and the cap is approximately \$1,040,000 annually."
- 342 Yates "The cap does not directly affect the credit; Forestry's calculations show a cap of \$3,468,000

of project costs that can be certified."

352 Chair Shetterly

Restated motion.

356

**HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

357 Rep. Witt

**MOTION: MOVED LC (-2) AMENDMENTS DATED 02/27/2001 TO HB 2161 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**

364 Rep. Witt

**MOTION: MOVED HB 2161 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

312

**ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

**Rep. Brown will carry the bill.**

**TAPE 67, SIDE B**

**OPENED WORK SESSION ON SB 329**

002 Lizbeth Martin-Mahar

Reviewed prior discussion on the measure and the (-1) amendment. (Exhibits 13-14)

005 LRO Staff

Distributed for members review:

Submitted testimony, Ray Groener. (Exhibit 15)

Submitted testimony, Jeff Gilmour. (Exhibit 16)

023 Rep. Beck

**MOTION: MOVED LC (-1) AMENDMENTS DATED 02/27/2001 TO SB 329 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT VICE CHAIR CARLSON, EXCUSED)**

024 Rep. Beck

**MOTION: MOVED SB 329 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

031

**ROLL CALL VOTE: MOTION PASSED 9-0-0**

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

**Rep. Beck will carry the bill.**

039 Chair Shetterly Meeting adjourned at 2:43 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2162, Staff Measure Summaries, Revenue and Fiscal statement, Yates, 4 pages
2. HB 2162, Spread sheet on Western Oregon Timber Tax Account, Yates, 1 page
3. HB 2162, Testimony, Waldorf, 3 pages
4. HB 2162, Testimony, Rutledge, 8 pages
5. HB 2162, Testimony, McNitt, 1 page
6. HB 2165, Staff Measure Summaries and Fiscal statement, Yates, 3 pages
7. HB 2165, Testimony, Decker, 2 pages
8. HB 2161, Fact Sheet on Reforestation Tax Credits, Yates, 1 page
9. HB 2161, Revenue statement, Yates, 1 page
10. HB 2161, (-1) Revenue statement, Yates, 1 page
11. HB 2161, (-2) amendment, (DJ/ps) 02/27/01, LRO Staff, 1 page
12. HB 2161, Charts, Craig, 3 pages
13. SB 329, (-1) Staff Measure Summary and Revenue statement, Martin-Mahar, 2 pages
14. SB 329, (-1) amendment, (DJ/ps) 02/27/01, LRO Staff, 1 page
15. SB 329, Testimony, Groener, 1 page
16. SB 329, Testimony, Gilmour, 2 pages