

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

MARCH 16, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (2:25 arrived)

Representative Bill Witt (1:53 arrived)

Members Excused: Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair

Invited Senate Members: Senator Lee Beyer

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Bruce Weber, Oregon State University

TAPE 89, SIDE A

005 Chair Shetterly Meeting called to order at 1:43 p.m.

OREGON TAX INCIDENCE MODEL

- 015 Paul Warner Provided introductory remarks and spoke to the "Summary of Process, Methodology and Initial Results. (Exhibit 1)
- 109 Warner Continued with presentation and Oregon Tax Incidence Model (OTIM) Output, (Page 3, Exhibit 1).
- 249 Warner Continued with presentation and OTIM Results: Distribution Effects, (Page 7, Exhibit 1).
- Questions and discussion regarding capabilities and applicability of OTIM.

TAPE 90, SIDE A

- Continued with questions and discussion regarding capabilities and applicability of OTIM.
- 069 Warner Referenced report to address the structuring of OTIM, (Pages 34-36, Exhibit 3)
- 080 Ed Waters Presented slide show describing OTIM. (Exhibit 2)
- 275 Waters Concluded presentation with example of OTIM elasticities and measures of sensitivity, (Page 6, Exhibit 2).
- Questions and discussion regarding applications for OTIM.
- 392 Bruce Weber Discussed the distribution of Oregon's state and local tax burden. (Exhibit 4)

TAPE 89, SIDE B

- 025 Weber Continued with presentation and reviewed chart titled Oregon Household Profiles, (Page 3, Exhibit 4).
- 117 Weber Continued with presentation and reviewed the distribution of Oregon Tax burden among income classes, (Page 2, Table 4.4, Exhibit 4).
- Questions and discussion regarding the model's capabilities.
- 271 Warner Summarized how OTIM could best be utilized, noting its abilities and limitations.
- 322 Rep. Witt **MOTION: MOVED ADOPTION OF THE PROPOSED ADDITIONAL RULE, #15, TO THE COMMITTEE RULES. (EXHIBIT 5).**

**MOTION ADOPTED BY UNANIMOUS
CONSENT. (REPRESENTATIVES VICE
CHAIR CARLSON, VICE CHAIR
KAFOURY EXCUSED)**

350 Chair Shetterly Meeting adjourned at 3:00 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Oregon Tax Incidence Model, Summary of Process, Warner, 8 pages
2. Oregon Tax Incidence Model, Description of OTIM, Waters, 6 pages
3. Oregon Tax Incidence Model, Research Report #2-01, LRO Staff, 85 pages
4. Oregon Tax Incidence Model, Handout on Distribution of State & Local Tax Burden, Weber, 4 pages
5. Oregon Tax Incidence Model, Proposed Revised Committee Rules, LRO Staff, 3 pages