

**PUBLIC HEARING: HB 2293, HB 2440**

**WORK SESSION: SB 336**

**TAPES 71 — 72 A**

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

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**MARCH 2, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Alan Bates (1:44 arrived)

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Members Excused: Representative Deborah Kafoury, Vice Chair

Representative Chris Beck

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Jim Markee, Oregon Collectors  
Association

Olivia Clark, Governor's Office

Debra Buchanan, Department of Revenue

**TAPE 71, SIDE A**

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

**OPENED WORK SESSION ON SB 336**

092 Jim Markee It is very appropriate that an offset if that kind of agreement is entered into — has no opposition to the measure.

097 Rep. Hass **MOTION: MOVED SB 336 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

105 **ROLL CALL VOTE: MOTION PASSED 6-0-3**

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

**REPRESENTATIVES EXCUSED: Beck, Witt, Kafoury**

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

**OPENED PUBLIC HEARING ON HB 2293**

109 Ed Waters Provided a description of the measure and distributed revenue impact statement and bar graph. (Exhibits 1-2)

124 Olivia Clark Spoke in support of the measure and distributed an excerpt from the 1998 Review of Oregon's Tax System: Policy Recommendations and a table for Oregon's Low Income Tax Credits and Subsidy Program. (Exhibit 3)

193 Rep. Hass Recounted testimony from a national economist regarding the federal program and his statement that compliance was an issue; how can that standard be improved?

200 Clark Deferred to Department of Revenue staff.

205 Chair Shetterly Questions and discussion regarding the revenue impact.

215 Waters Reviewed the revenue impact statement. (Exhibit 1)

233 Debra Buchanan Responded to Rep. Hass' question on compliance and the complexities involved with compliance when a credit targets a "fine-tuned" population.

- 250 Chair Shetterly "Would the working family child care tax credit have the same sort of compliance credits as this credit?"
- 253 Buchanan Stated the difference in the two credits — believes the working family child care tax credit would not have the same compliance issues.
- 270 Chair Shetterly The simpler the program the higher the rate of compliance?
- 280 Buchanan Yes.
- 282 Rep. Bates Questions and discussion regarding the number of families participating and the maximum amount of money per year — noted the high usage of the program and it must be easy to access.
- 285 Buchanan Commented that the program is fairly easy; once a taxpayer qualifies for the federal program it is fairly simple to claim the Oregon credit
- 296 Rep. Bates Most people itemize their taxes to participate in the program?
- 299 Buchanan Itemization is not required to claim the credit.
- 308 Rep. Bates "If this becomes a payment instead of a tax credit is the number expected to go way up or stay stable?"
- 310 Buchanan Does not expect the number to go way up.
- 315 Chair Shetterly Questions and discussion regarding the tradeoffs and compliance; with the traditional welfare programs there is a higher compliance rate, but also a higher administrative expenses.

#### **OPENED PUBLIC HEARING ON HB 2440**

- 328 Ed Waters Provided a description of the measure and distributed revenue impact statement. (Exhibit 4)
- 343 Jason Williams Spoke in support of the measure.
- 391 Chair Shetterly Requested information on what is happening at the federal level, as it affects the marriage penalty and how that fits into the President's tax cut plan.
- 397 Williams President Bush has proposed to eliminate the marriage penalty. Discussed the two marriage penalties in the federal code.
- 415 Waters Spoke to propose tax rate changes and noted that

the largest piece of the federal marriage penalty is due to the differential tax rate, which is not an issue in Oregon.

424 Chair Shetterly Noted that Oregon's tax system is connected to the federal tax code — if the marriage penalty is fixed at the federal level how would that impact Oregon, if no action is taken by Oregon?

439 Waters It would depend on how it is done — discussed the impact under different scenarios.

**TAPE 72, SIDE A**

016 Rep. Bates "Could one approach to eliminating the marriage penalty be to eliminate lowering the single filers to \$1,500 rather than the current \$1,800 — that would give equity between single and married filers wouldn't it?"

029 Williams Yes.

040 Rep. Bates Why couldn't that be an option?

042 Chair Shetterly Noted the policy issues, but noted that all options are open.

Meeting adjourned at 2:14 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

**Exhibit Summary:**

1. HB 2293, Revenue Impact Statement, Waters, 1 page
2. HB 2293, Bar Graph, Waters, 1 page
3. HB 2293, 1998 Review of Oregon's Tax System: Policy Recommendations and Table for Oregon's Low Income Tax Credits and Subsidy Program, Clark, 5 pages
4. HB 2440, Revenue Impact Statement, Waters, 1 page