

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

MARCH 21, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Deborah Kafoury, Vice Chair (1:45 arrived)

Representative Alan Bates

Representative Chris Beck (1:48 arrived)

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Members Excused: Representative Janet Carlson, Vice Chair

Representative Alan Brown

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Rep. Jerry Krummel, Legislative House
District 27

Ray Erland, Clackamas County Assessor

John Phillips, Department of Revenue

Rep. Cliff Zauner, Legislative House District 38

Nicole Brugato, Rep. Zauner's Staff

Debra Buchanan, Department of Revenue

Michelle Deister, League of Oregon Cities

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005 Chair Shetterly Meeting called to order at 1:40 p.m.

OPENED PUBLIC HEARING ON HJR 18 and HB 2058

013 Lizbeth Martin- Provided a description of the measures and
Mahar discussed the background. (Exhibits 1-3)

057 Rep. Jerry Spoke in support of the measures; noted an
Krummel amendment may be necessary. Distributed
testimony from constituent. (Exhibit 4)

127 Chair Shetterly Noted if there is a way to not amend the
Constitution that would be preferable. "Do you
have a suggestion as to what a standard would
be, a threshold?"

132 Rep. Krummel "There is a reason for a reappraisal; cited
examples of circumstances that would merit a
reappraisal.

145 Ray Erland Presented testimony in opposition to measure
but offered to participate in a workgroup to
address concerns and narrow measure's scope.
(Exhibit 5)

LRO Staff Distributed testimony from Kafoury, City of
Portland. (Exhibit 6)

232 Chair Shetterly Recessed the meeting at 2:00 p.m.; reconvened
at 2:14 p.m.

240 Erland Continued with testimony in opposition to the
measure and offered possible alternative
solution. (Exhibit 5)

258 Rep. Beck Questioned if because there was an error on
square footage that the property is valued
differently; doesn't the value reflect the worth of
the property?

269 Erland "That argument could be made, but assessors use
uniform methods to establish property value by
neighborhood. If an error were made in the
inventory of the property we want to correct that
inventory and adjust the base amount."
Requested a work group.

OPENED PUBLIC HEARING ON HB 2527

- 298 Ed Waters Provided a description of the measure and discussed the background. (Exhibits 7-9)
- 314 Rep. Cliff Zauner Presented testimony in support of measure. (Exhibits 10 and 12)
- 340 Nicole Brugato Read David Green's testimony into the record. (Exhibit 11)
- 396 Rep. Witt Questions and discussion regarding why the measure is limited to specific types of companies (i.e. new and emerging technology or biotechnology companies) and why wouldn't the same principle apply to other companies.

TAPE 96, SIDE A

- 025 Chair Shetterly Cited fields available for research under ORS 317.152, as authorized by this measure.
- 035 Rep. Witt Noted that is a broader field than what he believes the measure addresses.
- Questions and discussion regarding:
1. How the measure narrows ORS 317.152.
 2. Another measure that expands the use of the credit to a much broader class of Oregon businesses under given circumstances.
 3. Whether other tax credits can be sold.
- 042 Debra Buchanan Spoke to limited provisions in Oregon law allowing the sale of a credit.
- 062 Waters Does not have a revenue impact, as narrow as the measure currently is does not expect the impact to be very great; the broader the eligibility the larger the impact.

REOPENED PUBLIC HEARING ON HJR 18 and HB 2058

- 084 John Phillips Spoke to the measure; no position taken. (Exhibit 13)
- 114 Michelle Deister Noted major concerns with the measure, but would like to participate in a work group.
- 121 Chair Shetterly Directed staff to work with interested parties to narrow the measure and if it can be done statutorily instead of through the constitution

that would be preferable.

Meeting adjourned at 2:34 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2058, Staff Measure Summaries, Revenue and Fiscal statements, Martin-Mahar, 4 pages
2. HB 2058, Excerpt of Court Order #4502, Martin-Mahar, 2 pages
3. HJR 18, Staff Measure Summary and Fiscal statement, Martin-Mahar, 2 pages
4. HB 2058, Testimony, Krummel, 9 pages
5. HB 2058, Testimony, Erland, 1 page
6. HB 2058, Testimony, Kafoury, 2 pages
7. HB 2527, Fiscal statement, Waters, 1 page
8. HB 2527, ORS 317.152, Waters, 4 pages
9. HB 2527, Excerpt from Tax Expenditure Report, Waters, 3 pages
10. HB 2527, Testimony, Green, 1 page
11. HB 2527, Testimony, Rep. Zauner, 7 pages
12. HB 2527, Description of Technology Business Tax Certificate Program, Rep. Zauner, 6 pages
13. HB 2058, Testimony, Phillips, 1 page