

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MARCH 7, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair (2:22 arrived)

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:51 arrived)

Representative Bill Witt (1:48 arrived)

Members Excused: Representative Janet Carlson, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Chuck Sheketoff, Oregon Center for Public Policy

Bob Castagna, Oregon Catholic Conference

Ellen Lowe, Oregon Law Center

Rep. Kurt Schrader, House District 23

Anthony Granados, Oregon Catholic Conference

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006 Vice Chair Meeting called to order at 1:41 p.m.
Kafoury

OPENED PUBLIC HEARING ON HB 2716

LRO Staff Distributed written testimony from Oregon Human Rights Coalition. (Exhibit 1)

010 Chuck Sheketoff Presented testimony in support of measure. (Exhibit 2)

146 Vice Chair Requested information on what happened to this measure last session.
Kafoury

150 Sheketoff Provided historical background on the measure.

184 Rep. Witt The cost would be approximately \$14 million for this coming biennium to make the credit refundable for all taxpayers who currently qualify.

191 Sheketoff Concurred.

200 Rep. Witt What is the revenue impact?

203 Ed Waters Reviewed the preliminary revenue impact figures for the "Refundable Working Family Child Care Credit", (Reference 02/23/2001, Handout for HB 2032, Exhibit2); noted that Sheketoff's number is more recent and probably correct.

230 Rep. Witt Questioned which program would have more merit, the refundable Earned Income Credit (EIC) or the refundable Working Family Child Care Credit.

231 Sheketoff Spoke to the both credits and the roles each plays; but would feel the first priority should be the Working Family Child Care Credit.

Vice Chair Left at 2:10 p.m., passed gavel to Rep. Williams.
Kafoury

OPENED CONCURRENT PUBLIC HEARING ON HB 2032

338 Bob Castagna Spoke in support of the measures, although noted that if prioritizing became necessary the preference would be with HB 2716. Distributed written testimony for HB 2032. (Exhibit 3)

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025 Castagna Continued with testimony in support of

measures.

- 057 Anthony Granados Spoke in support of the measure.
- 099 Rep. Witt Questions and discussion regarding if there isn't a better way than an annual refund.
- 105 Castagna If the State could model on the federal credit that would be preferable.
- 142 Rep. Witt Have there been discussions with Department of Revenue to see if there is a way to implement a quarterly or monthly relief?
- 148 Castagna We have not had those discussions to date, but would welcome them.
- 165 Sheketoff Explained how the federal EIC works on an advance payment option. Reviewed what the advance payment is based on and how the government protects itself. Reviewed past discussions and obstacles to more frequent payments.
- Rep. Williams Chair Shetterly arrived at 2:22.p.m. and assumed gavel.
- 208 Rep. Witt The Working Family Child Care Credit would have a larger impact than the EIC.
- 213 Sheketoff Spoke to the additional paperwork and risks involved.
- 220 Rep. Witt Is there a way to work through an employer?
- 224 Sheketoff Not comfortable in putting an additional burden on the employer and spoke to the verification problems.
- 242 Rep. Bates "Which program would be best for the recipients, HB 2032, HB 2716 or the Employer Day Care Services? "
- 254 Sheketoff "All are deserving, but if forced to choose one I would elect the Working Family Child Care Credit. "
- Chair Shetterly Left at 2:30 p.m., passed gavel to Vice Chair Kafoury.
- 284 Ellen Lowe Spoke in support of the measure.
- 350 Sheketoff Presented testimony in support of measure. (Exhibit 4)

TAPE 76, SIDE B

- 035 Rep. Witt Questions and discussion regarding:
1. Raising the personal exemption credit.
 2. Role the decline of the rural economy has played in low-income people losing ground.
 3. Demographics of the workforce.
 4. More part-time workers than there was ten years ago.
- 124 Rep. Bates What is the revenue impact for HB 2032?
- 131 Ed Waters Reviewed the preliminary revenue impact figures, at different levels, for the "Refundable Earned Income Credit". (Reference 02/23/2001, Handout for HB 2032, Exhibit2)

OPENED PUBLIC HEARING ON HB 2461

- 144 Ed Waters Provided a description of the measure and discussed the background. (Reference 02/23/2001, Exhibit 11)
- 161 Rep. Kurt Schrader Spoke in support of the measure.
- 224 Rep. Witt Questions and discussion regarding:
1. What happened to this measure last session.
 2. Does HB 2461 compliment HB 2032 and HB 2716.
 3. Is there a cap on this credit or would it apply regardless of income.
- 274 Rep. Bates Questions and discussion regarding whether Schrader would be willing to have a sliding scale for the credit based on income.
- 286 Schrader Open to that, but spoke to reduced standard in living for higher income levels.

290 Vice Chair "Are you aware of any other states with a similar
Kafoury credit?
291 Schrader No.
298 Rep. Hass Questions and discussion regarding how would
this impact divorced parents or if there could be
incentives to accomplish the same goal.
316 Chuck Sheketoff Spoke in opposition to the measure.
386 Rep. Hass Questions and discussion regarding the middle
class families falling through the cracks and the
measure, although it may not be perfect, moves
in that direction.
425 Vice Chair Referenced an article she recently read which
Kafoury cited a study that showed where one parent
stayed home was on the lower end of the
economic scale.

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034 Rep. Bates Spoke to the policy issues.

054 Vice Chair Meeting adjourned at 3:07 p.m.
Kafoury

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2716, Submitted Testimony from Oregon Human Rights Coalition, LRO Staff, 1 page
2. HB 2716, Testimony, Sheketoff, 14 pages
3. HB 2032, Testimony, Castagna, 10 pages
4. HB 2032, Testimony, Sheketoff, 19 pages