

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MARCH 9, 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 (1:54 arrived)

Representative Bill Witt

Members Excused: Representative Deborah Kafoury, Vice Chair

Representative Janet Carlson, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Rep. Mark Hass, Legislative District 8

Sherrill Kirchhoff, Student Assistance Commission

Louise McGarry, McGarry Machine, Inc.

Gary Carlson, Associated Oregon Industries

Julie Brandis, Associated Oregon Industries

John Wykoff, Oregon Student Association

Mike Sherlock, Pacific Automotive Trades Association

Johnny Lake, Student

Rep. Betsy Close, Legislative District 36

Dexter Johnson, Legislative Counsel

Ken Bunn, Jesuit High School

Gene Christian, Northwest Planned Giving Roundtable

Stephen Brooks, Citizen

John Hawkins, Chemeketa Community College Foundation

Laurie Wimmer Whelan, Oregon Education Association

Bob Castagna, Oregon Catholic Conference

TAPE 80, SIDE A

004 Chair Shetterly Meeting called to order at 1:44 p.m.

OPENED PUBLIC HEARING ON HB 2521

011 Ed Waters Provided a description of the measure and discussed the background. (Exhibit 1)

025 Rep. Mark Hass Presented testimony in support of measure. (Exhibit 2)

074 Sherrill Kirchhoff Presented testimony in support of measure. (Exhibit 3)

128 Louise McGarry Spoke in support of the measure.

165 Chair Shetterly Questions and discussion regarding the current tax benefits to an employer.

194 Rep. Bates Questions and discussion regarding how disbursements are made from the fund:

1. Is there a means test?
2. They must be either an employee or dependent of an employee for the contributing company?

258 Gary Carlson Presented testimony in support of measure.
(Exhibit 4)

266 Julie Brandis Spoke in support of the measure.

300 Rep. Witt Questions and discussion regarding whether
the measure applies to:

1. Only higher education.
2. Both public and private higher
education institutions.
3. Institutions both in and out of the State.
4. Open to all students irrespective of
academic achievement or economic
need.

343 Rep. Bates "Wasn't there testimony that the criteria is set
by the Commission and there is a means
test?"

352 Rep. Hass "The employer can set the criteria, according
to federal guidelines, and the Commission
administers it."

370 Rep. Bates Noted that he would question the policy of
dollars leaving the State.

372 Rep. Hass "The tax dollars flow to help mostly Oregon
High School graduates, but they may choose
to attend a college/university outside of
Oregon."

395 John Wykoff Presented testimony in support of measure.
(Exhibit 5)

TAPE 81, SIDE A

027 Rep. Beck Referenced the graph and asked if it
represented a national trend or was specific to
Oregon, (Exhibit 5).

042 Mike Sherlock Presented testimony in support of measure.
(Exhibit 6)

OPENED PUBLIC HEARING ON HJR 2

076 Ed Waters Provided a description of the measure and
discussed the background. (Exhibit 7)

086 Rep. Betsy Close Presented testimony in support of measure.
(Exhibit 8)

- 136 Rep. Witt "Why is it necessary to change the Constitution to achieve your goal?"
- 149 Dexter Johnson Explained reasoning behind his suggestion that this be a Constitutional change.
- Questions and discussion regarding:
1. Oregon courts interpret the Oregon Constitution first in addressing constitutionality of an issue.
 2. On-point case to set precedence.
 3. Tax expenditures vs. tax credits.
 4. Provision to allow tax credits to religious or nonreligious educational institutions.
 5. The constitutional distinction between a tax credit and a tax deduction.
 6. Would the Arizona Supreme Court decision apply to Oregon.

REOPENED PUBLIC HEARING ON HB 2521

- 293 Johnny Lake Spoke in support of the measure.
- 333 Dexter Johnson Described the (-1) amendments. (Exhibit 9)
- 357 Chair Shetterly Referenced lines 21-24 of the amendments, what are those qualifications attached to, (Page 1, Exhibit 0).
- 358 Johnson Described how those qualifications would apply.
- 359 Chair Shetterly The bill is not specific on the applicability to only four-year institutions or is it inclusive of community colleges?
- 360 Kirchhoff Referenced the application form and administrative rules that govern the Commission, (Page 2, Exhibit 10).
- Questions and discussion regarding the development of standards that would be applied.

TAPE 80, SIDE B

OPENED PUBLIC HEARING ON HB 2492

- 026 Ed Waters Provided a description of the measure and discussed the background. (Exhibit 11)
- 035 Gene Christian Presented testimony in support of measure. (Exhibit 14)
- 104 Ken Bunn Spoke in support of the measure.
- 145 Rep. Witt Questions and discussion regarding:
1. Examples of the types of institutions that this program would be used for.
 2. Potential constitutional problems, either on the federal or the State level.
- 197 Stephen Brooks Presented testimony in opposition to measure. (Exhibit 15)
- Continued meeting as a sub-committee with Rep.'s. Bates, Brown, Hass and Chair Shetterly in attendance.
- 335 Brooks Continued with testimony in opposition to measure. (Exhibit 15)
- 398 John Hawkins Presented testimony in support of measure. (Exhibit 16)

TAPE 81, SIDE B

- 032 Chair Shetterly Referenced the (-1) amendments, which would include a contribution to a public body that is irrevocable or that otherwise qualifies would not be an endowment gift. (Exhibit 12)
- Requested Bunn address (-2) amendments. (Exhibit 13)
- 037 Bunn Described the (-2) amendments. (Exhibit 13)

OPENED PUBLIC HEARING ON HB 2005

- 050 Ed Waters Provided a description of the measure and discussed the background. (Exhibits 17-18)
- 072 Laurie Wimmer Presented testimony in opposition to measure. (Exhibit 19)
Whelan
- 124 Bob Castagna Spoke in support of the measure and requested that it be extended to include private institutions, which is in line with HJR 2.

OPENED PUBLIC HEARING ON HB 3141

177 Ed Waters Provided a description of the measure and discussed the background. (Exhibit 20)

203 Chair Shetterly Meeting adjourned at 3:20 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2521, Staff Measure Summary and Tax Expenditure Report Excerpt 1.056, Waters, 2 pages
2. HB 2521, Testimony, Rep. Hass, 10 pages
3. HB 2521, Testimony, Kirchhoff, 3 pages
4. HB 2521, Testimony, Carlson, 1 page
5. HB 2521, Testimony, Wykoff, 1 page
6. HB 2521, Testimony, Sherlock, 1 page
7. HJR 2, Staff Measure Summary and Fiscal Statement, Waters, 2 pages
8. HJR 2, Testimony, Close, 3 pages
9. HB 2521, (-1) amendment, (DJ/ps) 03/08/01, Rep. Hass, 2 pages
10. HB 2521, Application, Kirchhoff, 20 pages
11. HB 2492, Staff Measure Summary, Waters, 1 page
12. HB 2492, (-1) amendment, (DJ/hm/ps) 03/09/01, Mangis, 1 page
13. HB 2492, (-2) amendment, (DJ/hm/ps) 03/05/01, Northwest Planned Giving Roundtable, 3 pages
14. HB 2492, Testimony, Christian, 7 pages
15. HB 2492, Testimony, Brooks, 6 pages
16. HB 2492, Testimony, Hawkins, 2 pages
17. HB 2005, Staff Measure Summary, Waters, 1 page
18. HB 2005, Tax Expenditure Report Excerpt 1.029, Waters, 2 page
19. HB 2005, Testimony, Wimmer, 1 page
20. HB 3141, Staff Measure Summary, Waters, 1 page