

PUBLIC HEARING: HJM 25; HB 3942

WORK SESSION: HB 2477, HB 2670, HB 2704, HB 3080

TAPE 119 A/B

TAPE 120 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

APRIL 6, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:54 arrived)

Representative Alan Bates

Representative Alan Brown

Representative Mark Hass

Representative Max Williams (1:44 arrived)

Representative Bill Witt (1:46 arrived)

Members Excused: Representative Chris Beck

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

James Jensen, LRO Intern from Willamette University

Joan Green, Committee Assistant

Witnesses: Rep. Susan Morgan, Legislative House
District 46

Joseph Wolf, City of Myrtle Creek

Gil Riddell, Oregon Association of Counties

John Kitzhaber, Governor of Oregon

Tony VanVliet, Former House Revenue Committee Member

Debra Buchanan, Department of Revenue

TAPE 119, SIDE A

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

OPENED WORK SESSION ON HB 2670

016 Rep. Susan Morgan Spoke in support of the (-1) amendments, which addresses the issues raised at the public hearing. (Exhibit 1)

033 Joseph Wolf Presented testimony in support of the (-1) amendments. (Exhibit 2)

075 Rep. Morgan Referenced a package of letters distributed of local jurisdictions that would lose tax revenue if the golf course is granted a tax exempt status. (Exhibit 2)

Described the (-2) amendments. (Exhibit 1)

081 Gil Riddell Spoke in support of the (-2) amendments. (Exhibit 1)

091 Lizbeth Martin- Reviewed the Revenue Impact to the (-2) amendments. (Exhibit 3)
Mahar

112 Vice Chair Carlson **MOTION: MOVED LC (-2) AMENDMENTS DATED 03/21/2001 TO HB 2670 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT REP. BECK, EXCUSED)**

110 Vice Chair Carlson **MOTION: MOVED HB 2670 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

120 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

REPRESENTATIVES VOTING AYE: Bates, Brown, Hass, Williams, Witt,

Carlson, Kafoury, Chair Shetterly

REPRESENTATIVES EXCUSED: Beck,

Rep. Morgan will carry the bill.

OPENED PUBLIC HEARING ON HB 3942

- 135 Paul Warner Discussed the changes made to the Recession Scenario document and the Survey of Current Business on consumption patterns, as described by Rufolo April 6. (Exhibits 4-5)
- 180 Governor John Kitzhaber Reviewed history of Oregon's tax structure and spoke in support of the measure.
- 299 Rep. Witt Are you comfortable in the direction in which this package goes with all of the elements addressed?
- 307 Governor.Kitzhaber Yes, what is needed now is a thoughtful discussion.
- 340 Tony VanVliet Spoke in support of the measure and provided institutional memory and background.

TAPE 120, SIDE A

- 025 VanVliet Continued with testimony in support of the measure and provided institutional memory and background.
- 081 Vice Chair Carlson Questions and discussion regarding zero-based budgeting.
- 147 Rep. Bates Questions and discussion regarding budget cuts and impact on regions of Oregon.
- 170 Rep. Hass Questions and discussion regarding whether the measure is too ambitious to be accomplished this session.
- 235 Vice Chair Carlson Questions and discussion regarding whether the measure should be referred out to the people or done statutorily.

OPENED WORK SESSION ON HB 2477

- 271 Ed Waters Reviewed the measure, the (-1) and the (-2) amendments. (Exhibits)
- 321 Chair Shetterly **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/30/2001 TO**

HB 2477 BE ADOPTED.

- 358 Rep. Witt Questioned if the (-1) amendments achieve the intent of Rep. Close; spoke to the effect of the (-1) amendments, as they compare to federal legislation. (Exhibit 6)
- Questions and discussion regarding whom requested the (-2) amendments.
- 350 Waters The (-2) amendments were at the request of the Legislative Revenue Office (LRO); based on conversations with Legislative Counsel I felt the (-2) amendments better addressed Rep. Close's intention. (Exhibit 7)
- 356 Rep. Witt Spoke to what he understood the intent of the measure to be and how the (-2) amendments would artificially limit the credit and not be in line with the federal credit. (Exhibit 7)
- 361 Chair Shetterly Do the (-1) amendments cap the credit? (Exhibit 6)
- 363 Waters "The language 'for an individual' would allow two credits for a joint return and one credit for a single return."
- 368 Rep. Witt Questioned if that was Rep. Close's intent.
- 378 **MOTION TO ADOPT THE (-1) AMENDMENTS DATED 03/30/2001 TO HB 2477 WITHDRAWN BY IMPLIED CONSENT.**
- Distributed Fiscal Impact statement. (Exhibit 8)

OPENED WORK SESSION ON HB 3080

- 395 Waters Reviewed the measure and the (-1) amendments, (Reference 03/20/2001, Exhibit 10), and described the (-2) amendments. (Exhibit 9)
- 405 Chair Shetterly Explained why he requested the (-2) amendments. (Exhibit 9)

TAPE 119, SIDE B

- 015 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 03/01/2001 TO HB 3080 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT**

EXCEPT REP. BECK, EXCUSED)

Wi **MOTION: MOVED LC (-2)
AMENDMENTS DATED 04/03/2001 TO
HB 3080 BE ADOPTED. (ALL
MEMBERS PRESENT EXCEPT REP.
BECK, EXCUSED)**

Rep. Witt **MOTION: MOVED HB 3080 TO THE
HOUSE FLOOR WITH A DO PASS AS
AMENDED RECOMMENDATION.**

027 **ROLL CALL VOTE: MOTION PASSED
8-0-1**

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

REPRESENTATIVES EXCUSED: Beck

Rep. Williams will carry the bill.

OPENED PUBLIC HEARING ON HJM 25

035 James Jensen Provided a description of the measure and
discussed the background. (Exhibits 10-12)

133 Rep. Witt Spoke in support of the measure.

153 Chair Shetterly Explained his objective in scheduling this
measure and if this moved out of Committee it
would be in conjunction with HB 2704.

OPENED WORK SESSION ON HB 2704

182 Ed Waters Reviewed the measure and described various
scenarios, as outlined in the table "Marriage
Penalty Relief Options." (Exhibit 13)

Distributed a fiscal impact statement. (Exhibit
14)

217 Rep. Witt Spoke in support of the \$1,640 for a single
filer and \$3,280 for joint filers, as explained in
the table. (Exhibit 13)

233 Waters Noted the amounts in the table are indexed for
inflation beginning in the 2003 tax year and

the adjusted amount is set in five-dollar increments.

236 Rep. Witt Questioned if the indexing is currently included in the measure or does that need to be added.

254 Waters That would need to be added.

256 Rep. Witt Is the indexing reflected in the revenue projection?

257 Waters Yes.

239 Rep. Bates Questioned if the same bracketing problems would be seen in this measure as there is in the federal law.

242 Debra Buchanan The bracket amounts for married filing joint are exactly doubled; the inequity seen in the federal tax code is not present in Oregon's tax code.

256 Vice Chair Kafoury Questioned if this measure raises taxes for single people.

261 Rep. Witt Yes, to the extent that their standard deduction is decreased.

279 Vice Chair Kafoury Spoke to preference of seeing the deduction raised for married people rather than lowering a deduction for single people.

287 Rep. Witt Explained that was considered but it had a higher revenue impact; the move in this direction was an attempt to be as revenue neutral as possible.

319 Chair Shetterly Reminded Committee of the Monday meeting in Portland.

334 Rep. Witt Spoke to a schedule conflict with four members.

337 Chair Shetterly Meeting adjourned at 2:58 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2670, (-2) amendment, (DJ/ps) 03/21/01, Rep. Morgan, 2 pages
2. HB 2670, Testimony, Rep. Morgan, 3 pages
3. HB 2670, (-2) Staff Measure Summary and Revenue Impact statement, Martin-Mahar, 2 pages
4. HB 3942, Recession Scenarios dated 04/06/2001, Warner, 3 pages
5. HB 3942, March 2001 Survey of Current Business, Warner, 2 pages
6. HB 2477, (-1) amendment, (DJ/hm/ps) 03/30/01, LRO Staff, 1 page
7. HB 2477, (-2) amendment, (DJ/hm/ps) 04/06/01, LRO Staff, 1 page
8. HB 2477, Fiscal statement, Waters, 1 page
9. HB 3080, (-2) amendment, (DJ/ps) 04/03/01, Chair Shetterly, 1 page
10. HJM 25, Staff Measure Summary, Revenue and Fiscal statements, Jensen, 2 pages
11. HJM 25, Informational Sheet on Marriage Penalty Tax, Jensen, 1 page
12. HJM 25, Informational Sheet on Congressional Tax Packet, Jensen, 2 pages
13. HB 2704, Spread Sheet for Marriage Penalty Relief Options, Waters, 1 page
14. HB 2704, Fiscal statement, Waters, 1 page