

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

May 15, 2001, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown (1:35 arrived)

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Members Excused: Representative Deborah Kafoury, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Susan Schneider, City of Portland

Mary Stephens, City of Portland

Heather Nelson-Kent, Metro

Roy Elicker, Oregon Department of Fish and Wildlife

Patricia Snow, Oregon Department of Fish and Wildlife

Debra Buchanan, Department of Revenue

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004 Chair Shetterly Meeting called to order at 1:14 p.m.

OPENED PUBLIC HEARING ON HB 3057

010 Lizbeth Martin- Described what the measure does and provided
Mahar background material. (Exhibit 1)

038 Chair Shetterly Referenced submitted testimony from City of
Salem. (Exhibit 2)

039 Susan Schneider Presented testimony in support of measure.
(Exhibit 3)

054 Chair Shetterly "The intent is under §2(1)(a) that the ordinance a
governing body adopts can designate less than
all of the corporate limits of that jurisdiction for
the purpose of these riparian zones?"

Schneider Concurred.

057 Mary Stephens Spoke in support of the measure.

062 Rep. Hass Questions and discussion regarding on how this
will work; once a riparian zone is created what
responsibility does a landowner have.

066 Roy Elicker Spoke in support of the measure and discussed
number of participants in the current program
and noted there would be a cost to the
Department of Fish and Wildlife (ODFW) if the
program were expanded. Referenced testimony
presented at earlier hearing, (Reference
04/03/2001, Exhibit 6).

Questions and discussion regarding fiscal impact
distributed at prior meeting, (Reference
04/03/2001, Exhibit 4), Elicker stated that
ODFW has given Legislative Fiscal Office
(LFO) more recent information.

094 Martin-Mahar Read the ODFW "Fiscal Impact Statement
Form"; copies distributed. (Exhibit 4)

111 Chair Shetterly Has Schneider been involved in Fiscal
discussions?

112	Schneider	No.
115	Chair Shetterly	Requested Elicker provide background information on the requested three FTE positions.
117	Elicker	Explained how the Department works with landowners and the impact to the Department.
132	Patricia Snow	Described the riparian tax-exempt program is currently limited to agriculture and forest zones and how ODFW deals with riparian designation. Explained how the additional three FTE positions were calculated.
152	Rep. Hass	What happens if someone chooses not to play or if someone participates, but then does not comply?
161	Snow	The program is voluntary. A participant can withdraw from the program, believes there is a penalty for withdrawal.
175	Rep. Bates	Spoke in support of the concept but questions if administration by ODFW is appropriate or if there are alternatives to the administration, perhaps on a local level.
206	Rep. Beck	Questioned Schneider as to whether this is a program that is anticipating a "huge demand" on ODFW personnel soon.
221	Schneider	No, a limiting factor on the program is what cities and counties can afford to forfeit in property taxes. Spoke to City of Portland staffing and lacking riparian specialists and reliance on ODFW riparian specialist, but spoke to willingness to collaborate with ODFW.
232	Elicker	Spoke to how the FTE positions would be utilized.
240	Rep. Beck	Questions and discussion regarding what type of employee would be utilized in this position.
265	Vice Carlson	Chair How many projects are ODFW currently managing that are outside of the urban growth boundary?

- 268 Snow There are 113 property owners.
- 270 Vice Chair How many projects would you estimate might
Carlson happen in the first year?
Chair Shetterly Left at 1:34 p.m., passed gavel to Vice Chair
Carlson.
- 274 Schneider Estimates most of the restoration would be in an
urban area, if Portland got two miles in a year
that would be extraordinary.
- 282 Vice Chair How many property owners would that be?
Carlson
- 285 Schneider Six to eight.
- 292 Vice Chair How many FTE are assigned to the 113 current
Carlson properties?
- 295 Snow There is no one assigned strictly to this program,
it is currently part of their other duties, it might
amount to perhaps 15% of an FTE, can provide
the Committee with a firm figure.
- 314 Schneider Spoke to the City of Portland's desire to have
ODFW as a part of this effort and spoke of ways
the City of Portland could collaborate with
ODFW.
- 322 Rep. Beck Spoke to the long-term benefit to ODFW in
building a constituency for riparian area
protection within cities and coming in with hard
facts as to impact next session.
- 368 Rep. Bates Requested ODFW also looked at innovative
approaches to riparian habitat in urban areas;
noted the fiscal impact could kill the measure.
- 389 Vice Chair Noted the fiscal report before the Committee is a
Carlson report from ODFW and not LFO's impact.
(Exhibit 4)
- 405 Heather Nelson- Spoke in support of the measure.
Kent

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- 007 Vice Chair Do you agree with Schneider's estimate of six to
Carlson eight properties in the Portland area?
Nelson-Kent Concurred.

OPENED PUBLIC HEARING ON HB 2280

- 024 Ed Waters Reviewed the measure, which would extend the

long-term care insurance credit to cover policies issued prior to January 1, 2000. Described the (-1) amendments, which expands the existing personal and corporate income tax credit for long-term care insurance premiums to include policies issued prior to January 1, 2000, (Exhibits 5-6)

Distributed a fiscal statement for the original measure. (Exhibit 7)

- 050 Rep. Witt Spoke to a House measure last session that was amended on the Senate side to apply to only new policies. Discussed calls he received during interim from people who felt the bill was discriminatory. The (-1) amendments would phase-in the exemption, ending the discriminatory treatment. (Exhibit 6)
- Chair Shetterly Returned at 1:48 p.m.; resumed gavel.
- 114 Rep. Bates Discussion regarding the purchasing of long-term care insurance and spoke of the "cost to the state" in the Revenue statement, but the "savings to the state" has not calculated, (Exhibit 5).
- 150 Rep. Witt Spoke to three levels of justification for this measure:
1. Issue of fairness relative to tax policy.
 2. Issue of incentive.
 3. Issue of making insurance more affordable.
- 169 Rep. Hass Questions and discussion regarding if some people still cannot afford this even with the credit so isn't there still inequities.
- 179 Rep. Witt Does not know what the policies cost and does not know who could or could not afford long-term care insurance based on this credit. Spoke to the measure allowing more middle-income people to afford the policy, which will lessen the drain on Medicaid in later years.
- 192 Vice Chair Carlson Noted that Medicaid currently is paying for many of the middle-income people who have expended their life savings for long term care.

OPENED WORK SESSION ON HB 2280

209 Rep. Witt **MOTION: MOVED LC (-1)
AMENDMENTS DATED 05/09/2001 TO HB
2280 BE ADOPTED. HEARING NO
OBJECTION, THE CHAIR SO ORDERED.
(ALL MEMBERS PRESENT EXCEPT
Williams and Kafoury, EXCUSED)**

214 Rep. Witt **MOTION: MOVED HB 2280 TO THE
HOUSE FLOOR WITH A DO PASS AS
AMENDED RECOMMENDATION.**

217 Chair Shetterly Spoke in support of the motion.

234 **ROLL CALL VOTE: MOTION PASSED 7-
0-2**

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

**REPRESENTATIVES EXCUSED: Williams,
Kafoury**

Rep. Witt will carry the bill.

OPENED PUBLIC HEARING ON HB 2332

252 Ed Waters Reviewed the measure and described the (-1)
amendments. (Exhibits 8-9)

Distributed a fiscal statement for the original
measure. (Exhibit 10)

LRO Staff Submitted testimony for HB 2332 from Brain
Injury Association of Oregon, William Olson.
(Exhibit 11)

290 Rep. Witt Spoke in support of the (-1) amendments, which
were drafted to provide relief to lower-income
families while providing for a more manageable
revenue impact. (Exhibit 9)

327 Debra Buchanan Spoke to the measure; no position taken, but
noted a technical issue with the (-1) amendments
and the use of the phrase "taxable income",
(Page 2, Lines 4, 7 and 28, Exhibit 9).

Spoke to Oregon tax law and requested
clarification whether "taxable income" refers to
Oregon or federal "taxable income" or "adjusted
gross income".

351 Waters In conversation with Dexter Johnson,

Legislative Counsel, he indicated that his intent with this concept was that the language would refer to "federal taxable income". Provided a definition for "federal taxable income".

- 310 Vice Chair Carlson What type of income were the Revenue Impact figures based on?
- 312 Waters The numbers were based on "adjusted gross income", which would understate the revenue impact with the (-1) amendments and "federal taxable income" threshold.
- 316 Rep. Witt It was my understanding that we were working off "adjusted gross income" before deductions and that is reflected in the Revenue Impact statement.
- 415 Chair Shetterly Requested conceptual language from the Department of Revenue to clarify for administrative purposes.
- 388 Buchanan Requested that "taxable income" be deleted and "adjusted gross income" be inserted, (Page 2, Lines 4, 7 and 28, Exhibit 9).

OPENED WORK SESSION ON HB 2332

- 403 Rep. Witt **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF CONCEPTUALLY AMENDING THE (-1) AMENDMENTS, (Exhibit 9).**

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- 004 Rep. Witt **MOTION: MOVED TO CONCEPTUALLY AMEND THE (-1) AMENDMENTS, (Exhibit 9), BY STRIKING "TAXABLE" AND INSERTING "ADJUSTED GROSS" ON PAGE 2, LINES 4, 7 and 28. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Kafoury, EXCUSED)**
- 020 Rep. Witt **MOTION: MOVED LC (-1) AMENDMENTS DATED 05/09/2001 TO HB 2332, AS CONCEPTUALLY AMENDED, BE ADOPTED. (ALL MEMBERS PRESENT EXCEPT Kafoury, EXCUSED)**
- 025 Rep. Witt **MOTION: MOVED HB 2332 TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**

027 Rep. Beck Why on this measure was there an income threshold, but on HB 2280 there wasn't.

035 Rep. Witt Spoke to the reasons for inserting an income threshold in this measure while HB 2332 assets can be quickly depleted; the policy considerations are very different.

Discussion regarding reconciliation of tax credits into the overall budget in years to come.

127 Chair Shetterly Restated motion that is on the table.

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

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

REPRESENTATIVES EXCUSED: Kafoury

Rep. Hass will carry the bill.

144 Chair Shetterly Distributed running total of "General Fund Revenue Impact Bills" passed this session. (Exhibit 12)

OPENED WORK SESSION ON HB 3057

149 Chair Shetterly Requested recap of discussion on the fiscal impact report from ODFW.

159 Rep. Beck Reviewed discussion and spoke to his disagreement with the ODFW's figures shown in report of fiscal impact, (Exhibit 4).

183 Vice Chair Carlson Recapped discussion and reported on answers to staffing questions.

189 Chair Shetterly Discussed options available to the Committee and asked what would be the Committee's pleasure.

206 Rep. Beck **MOTION: MOVED HB 3057 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

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

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

REPRESENTATIVES EXCUSED: Kafoury

Rep. Beck will carry the bill.

223 Chair Shetterly Meeting adjourned at 2:24 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3057, Revenue Impact statement, Martin-Mahar, 1 page
2. HB 3057, Submitted testimony, Schneider, 2 pages
3. HB 3057, Submitted testimony, Swaim, 1 page
4. HB 3057, Fiscal Impact Statement form, Martin-Mahar, 1 page
5. HB 2280, (-1) Revenue Impact statement, Waters, 1 page
6. HB 2280, (-1) amendment, (DJ/hm/ps) 05/09/01, Rep. Witt, 4 pages
7. HB 2280, Fiscal statement, LRO Staff, 1 pages
8. HB 2332, (-1) Revenue Impact statement, Waters, 1 page
9. HB 2332, (-1) amendment, (DJ/hm/ps) 05/09/01, Rep. Witt, 3 pages
10. HB 2332, Fiscal statement, LRO Staff, 1 page
11. HB 2332, Submitted testimony, Olson, 2 pages
12. Informational, General Fund Revenue Impact Bills, LRO Staff, 1 page