

PUBLIC HEARING: SB 660 A-ENG., SB 684

WORK SESSION: SJR 21 A-ENG., SJR 22 A-ENG.

TAPE 196 A/B

TAPE 197 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

MAY 24, 2001 — 2:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (2:19 arrived)

Representative Deborah Kafoury, Vice Chair (2:19 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

James Jensen, LRO Intern from Willamette University

Joan Green, Committee Assistant

Witnesses: Senator Peter Courtney, Legislative Senate
District 17

Grattan Kerans, Oregon University System

George Kiepke, Clatsop County

Tom Linhares, Oregon State Association of County Assessors

John Phillips, Department of Revenue

Elizabeth Harchenko, Department of Revenue

Senator Jason Atkinson, Legislative Senate District 25

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00 Chair Shetterly Meeting called to order at

OPENED WORK SESSION ON SJR 21 A-ENG. AND SJR 22 A-ENG.

019 Richard Yates The (-A5) amendments for SJR 21 refer to the State Board of Higher Education, (Exhibit 1).

027 Sen. Peter Courtney The (-A5) amendments for SJR 21 deal with educational buildings and correct the name for the State Board of Higher Education. (Exhibit 1)

The (-A5) amendments for SJR 22 deal with public facilities with the addition of police stations. (Exhibit 2)

042 Chair Shetterly Isn't there a measure changing the name of the State Board of Higher Education to the Oregon University System?

047 Yates That would be a change made by Counsel after session.

046 Grattan Kerans Presented testimony in support of measure. (Exhibit 3)

080 Chair Shetterly Noted language for both measures refer to "planning and implementation and questioned if "it is conceivable that a bond would be taken to provide the debt service for the planning element, but general fund money might not be available to implement the plans leaving a debt

for the plans."

- 090 Kerans "It is my understanding that the 'planning' is relative to a project."
- 092 Yates Reviewed the two planning stages and referenced the implementing legislation.
- LRO Staff Distributed submitted information and hand-engrossed amendments for each of the measures from James Bela. (Exhibits 4-6)
- 141 Rep. Williams Commented on three bonding issues being sent to the voters and his concerns related to that.
- 160 Sen. Courtney Agreed there is a risk in sending bonding issues to the ballot box, but does not know of another realistic mechanism to get this job done.
- 210 Chair Shetterly Spoke with cautious support of the measures, but noted that the Legislature is not obligated to a dollar with these measure; although it will invite requests for funding that without additional resources the Legislature will never be able to satisfy.
- 223 Rep. Beck **MOTION: MOVED LC (-A5) AMENDMENTS DATED 05/18/2001 TO SJR 21 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Witt, EXCUSED)**
- 231 Rep. Beck **MOTION: MOVED SJR 21 A-ENG. TO THE HOUSE FLOOR WITH A DO ADOPT AS AMENDED RECOMMENDATION.**
- 240 **ROLL CALL VOTE: MOTION PASSED 8-0-1**
- REPRESENTATIVES VOTING AYE: Bates, Beck, Brown, Hass, Williams, Carlson, Kafoury, Chair Shetterly**
- REPRESENTATIVES EXCUSED: Witt**
- Rep. Hass will carry the bill.**
- 242 Rep. Beck **MOTION: MOVED LC (-A5) AMENDMENTS DATED 05/18/2001 TO SJR 22 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Witt,**

EXCUSED)

245 Rep. Beck **MOTION: MOVED SJR 22 A-ENG. TO THE HOUSE FLOOR WITH A DO ADOPT AS AMENDED RECOMMENDATION.**

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

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

REPRESENTATIVES EXCUSED: Witt

Rep. Hass will carry the bill.

OPENED PUBLIC HEARING ON SB 684

272 Lizbeth Martin-
Mahar Described what the measure does and provided background material. (Exhibits 7-8)

Distributed Senate Revenue Committee Staff Measure Summary and Fiscal statement. (Exhibit 9)

318 George Kiepke Presented testimony in support of measure, as amended by the (-2) amendments. (Exhibits 8 and 10)

408 Rep. Bates Questions and discussion regarding a definition for "health care facility".

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039 Chair Shetterly There is already a comprehensive definition for "rural hospitals" in statute, referenced ORS 316.143 and questioned if it that definition could be incorporated into this measure?

052 Kiepke This is for medical facilities and for-profit hospitals, if there were an existing ORS that would apply we would work with that.

059 Tom Linhares "In looking at the statutes we could not come up with a definition already in statute that would address the expanded intent of this measure; ORS 316.143 is limited to hospitals.

Spoke to concern of the definition on page 1, line 17 of the printed measure being too broad.

- 070 Chair Shetterly Advised that the (-2) amendments replace everything on page 1 down to line 22 of the printed measure.
- 072 Linhares The language in the (-2) amendments is still too broad and would recommend that the language read "is used exclusively to provide medical care", (Page 1, Line 7, Exhibit 8). That wording is used elsewhere in statute, providing case law and administrative rules defining "exclusively".
- 095 Rep. Bates Questions and discussion regarding the policy question of whether we are really addressing a need that a rural community has or is this a move in the wrong direction.
- 126 Kiepke The intent was not to replace metropolitan areas medical professionals or techniques, but only to improve any medical health that could be provided to rural residents; related a personal incident.
- 156 Linhares Noted that this is a short-term measure that applies only to new construction.
- 159 Chair Shetterly Referenced language in the (-2) amendments and is there a definition for a "rural health service area" and why an average travel time of thirty minutes — from point in the rural area to what point in the population center does this apply, (Page 1, Lines 4-5, Exhibit 8)?
- 172 Linhares Provided a handout titled "What is 'rural' in Oregon" from the Office of Rural Health/OHSU, which defines a rural county and define the thirty minutes time means. (Exhibit 11)
- Noted that the assessors don't like local option, but would suggest a work group during interim to develop a standard procedure for local option rather than each measure taking a different approach.
- 210 Chair Shetterly Questioned Rep. Bates and Kiepke about

Linhares proposed language, (Page 1, Line 7, Exhibit 8)?

- 212 Kiepke I would concur with that.
- 229 Rep. Bates That would serve my purpose.
- 236 John Phillips The (-2) amendments addressed concerns that we raised on the Senate side; the Department of Revenue can administer this measure either way, but Linhares proposed language would make it easier, (Page 1, Line 7, Exhibit 8).
- 257 Vice Chair Recommended if this is being sent to Legislative
Carlson Counsel for amendments that following "Is located in a rural health service area" adding the language "as defined by the Oregon Health Sciences University" or reference it to some other point, (Page 1, Line 4, Exhibit 8).

OPENED PUBLIC HEARING ON SB 660 A-ENG.

- 297 Richard Yates Described the A-Engrossed measure, which would prohibit Oregon from imposing a tax fee or charge on access to or use of the Internet.
- Noted that there have been a number of amendments distributed — the (-A4), (-A5), (-A6), (-A7) and (-A8) amendments, (Reference 05/11/2001, Exhibits 2-6) and the (-A10) and (-A11) amendments distributed today, (Exhibits 13-14).
- Reviewed a spreadsheet outlining the effects of the amendments he has received. (Exhibit 12)
- 365 Elizabeth Harchenko Discussed Internet taxation at multiple levels.

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- 035 Harchenko Continued with testimony regarding taxation issues, at multiple levels, as it relates to the Internet.
- 100 Rep. Witt Doesn't federal law simply state "no tax on Internet use or access" and it does not address commerce that is conducted via the Internet,

correct?

- 102 Harchenko Concurred, described what federal law allows.
- 117 Rep. Hass Is this legislation necessary?
- 118 Harchenko If the internet moratorium were extended at the federal level it would make this measure moot.
- 124 Rep. Witt Only on the A-Engrossed version of the measure, correct?
- 125 Harchenko Yes. Spoke to the measure; no position taken and requested that the measure be made as specific as possible.
- 205 Sen. Jason Spoke in support of the measure and the (-A7) amendments, (Reference 05/11/2001, Exhibit 5).
Atkinson
Chair Shetterly You submitted the (-A7) amendments, (Reference 05/11/2001, Exhibit 5)?
- 210 Sen. Atkinson Yes. Continued testimony in support of the measure and addressed the (-A10) amendments, which he would also support. (Exhibit 13)
- 214 Chair Shetterly Requested Harchenko's comments on the (-A10) amendments, are you in agreement with them. (Exhibit 13)
- 235 Harchenko Yes.
- 240 Sen. Atkinson Continued with testimony in support of the measure.
- 243 Rep. Witt Questions and discussion regarding the (-A7) amendments and restrictions imposed by this amendment that the state of Oregon shall not cooperate with another state that would impose a tax on commerce that is done over the Internet. Provided an example to illustrate his understanding of the (-A7) amendments, (Reference 05/11/2001, Exhibit 13).
- 266 Sen. Atkinson Spoke to the intent of the (-A7) amendments and if a company does have nexus it would comply with the law and philosophically I do not believe that Oregon should be in the business of collecting taxes for other states, (Reference 05/11/2001, Exhibit 13).
- 273 Rep. Witt Provided another scenario and questioned Harchenko if Oregon currently cooperates with

states around it, if requested, to determine where these sales might have been made; noted cigarettes are a good example.

297 Harchenko Other than one incidence Oregon has not had an active effort on the part of other states to assist in collection of taxes.

Acknowledged the cigarette issue as being an active Internet marketing activity and Oregon is cooperating actively to endorse compliance with other states cigarette taxes and collection.

340 Rep. Witt Spoke to his concerns with the (-A7) amendments and questioned Harchenko if that might set a precedence that other states might adopt and lead to a break down of the multi-state cooperation, (Reference 05/11/2001, Exhibit 13).

342 Harchenko Yes.

REOPENED WORK SESSION ON SJR 21 A-ENG. AND SJR 22 A-ENG.

346 Chair Shetterly **MOTION: MOVED THE RULES BE SUSPENDED FOR THE PURPOSE OF RECONSIDERING THE VOTES ON SJR 21 A-ENG. and SJR 22 A-ENG. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**

360 Chair Shetterly **MOTION: MOVED TO RECONSIDER THE VOTE WHEREBY THE COMMITTEE PASSED SJR 21 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**

364 Chair Shetterly **MOTION: REQUESTED UNANIMOUS CONSENT TO WITHDRAW MOTION WHEREBY SJR 21 A-ENG. WAS MOVED TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**

- 368 Chair Shetterly **MOTION: MOVED SJR 21 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION AND THE SUBSEQUENT REFERRAL TO THE JOINT COMMITTEE ON WAYS AND MEANS BE RESCINDED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**
- 384 Chair Shetterly **MOTION: MOVED TO RECONSIDER THE VOTE WHEREBY THE COMMITTEE PASSED SJR 22 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**
- 390 Chair Shetterly **MOTION: REQUESTED UNANIMOUS CONSENT TO WITHDRAW MOTION WHEREBY SJR 22 A-ENG. WAS MOVED TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**
- 395 Chair Shetterly **MOTION: MOVED SJR 22 A-ENG. TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION AND THE SUBSEQUENT REFERRAL TO THE JOINT COMMITTEE ON WAYS AND MEANS BE RESCINDED. HEARING NO OBJECTION, THE CHAIR SO ORDERED. (ALL MEMBERS PRESENT EXCEPT Williams, EXCUSED)**
- 415 Chair Shetterly Meeting adjourned at 3:36 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SJR 21, (-A5) amendment, (BHC/tm/ps) 05/18/01, Sen. Courtney, 3 page
2. SJR 22, (-A5) amendment, (BHC/tm/ps) 05/18/01, Sen. Courtney, 3 page
3. SJR 21, Testimony, Kerans, 3 pages
4. SJR 21, FEMA fact sheet, Bela, 1 page
5. SJR 21, Proposed amendments, Bela, 3 pages
6. SJR 22, Proposed amendments, Bela, 4 pages
7. SB 684, (-2) Staff Measure Summary, Revenue Impact statement, Martin-Mahar, 2 pages
8. SB 684, (-2) amendment, (DJ/hm/ps) 05/24/01, Sen. Dukes, 2 pages
9. SB 684, Senate Committee on Revenue Staff Measure Summary and Fiscal statement, LRO Staff, 2 pages
10. SB 684, Testimony, Kiepke, 3 pages
11. SB 684, Definition of Rural" in Oregon, Linhares, 1 page
12. SB 660, Spreadsheet describing amendments, Yates, 1 page
13. SB 660, (-A10) amendment, (DJ/hm/ps) 05/23/01, Chair Shetterly, 1 page
14. SB 660, (-A11) amendment, (DJ/hm/ps) 05/23/01, Chair Shetterly, 1 page