

PUBLIC HEARING: SB 764 A-ENG.

TAPES 213 — 214 A/B

TAPE 215 A

HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE

JUNE 22, 2001 — 9:00 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: John Ledger, Associated Oregon Industries

Jim Craven, American Electronics Association

Paul Cosgrove, American Forest and Paper
Association

Olivia Clark, Governor's Office

Joe Hobson, Citizen

Jack McIsaac, Agri-Plas Inc.

Dari Jongsma, Agri-Plas Inc.

Helen Lottridge, Department of Environmental Quality

Dave Nelson, Oregon Seed Council/Oregon Dairy Farmers Association

Sarah Doll, Oregon Environmental Council

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005 Chair Shetterly Meeting called to order at 9:19 a.m. and spoke to intent for the measure.

OPENED PUBLIC HEARING ON SB 764 A-ENG.

021 Ed Waters Described what the measure does and provided background material on Senate action. (Exhibit 1)

056 Waters Reviewed the summary sheet for the (-A18 and -A20) amendments and described each of the two amendments. (Exhibits 2-4 and 6)

135 Waters Reviewed the (-A21 amendment, which is essentially the same as the (-A18) amendment; described differences. (Exhibit 7)

Reviewed the (-A19) amendment, which keeps the language from the amended measure intact except it disallows the tax credit for a period of up to five years, if a taxpayer is convicted of environmental offenses relating to the facility qualifying for the credit. (Exhibit 5)

Chair Shetterly Left at 9:27 a.m., passed gavel to Vice Chair Carlson.

149 Rep. Beck Requested the source for each of the four amendments.

152 Waters Responded with the requestors of each of the four amendments.

159 John Ledger Spoke in support of the measure and the (-A18) amendments. (Exhibit 4)

Provided a chart listing the "Certificates Issued by Applicant". (Exhibit 8)

250 John Ledger Continued with testimony in support of the measure and the (-A18) amendments. (Exhibit 4)

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006 Jim Craven Spoke in support of the measure and the (-A18) amendments. (Exhibit 4)

111 Paul Cosgrove Spoke in support of the measure and the (-A18) amendments. (Exhibit 4)

192 Rep. Brown Questions and discussion regarding:

1. Clarification of "agricultural plastics".

Do the 35% of certified cost in the (-A18) amendments reflect a reduction from what currently exists?

194 Rep. Witt Questions and discussion regarding:

1. How comprehensive is the listing of companies distributed by Ledger, (Exhibit 8).
2. What percent of companies receiving these credits.
3. Percent of credits due to compliance with current law and what percent are due to standards beyond current legal requirements.
4. What percent of these legal requirements are federal and what percent is state over and beyond federal government requirements.

Vice Chair Left at 10:05 a.m., passed gavel to Vice Chair
Carlson Kafoury.

300 Rep. Witt Continued with questions and discussion regarding:

- What percent of these legal requirements are federal and what percent is state over and beyond federal government requirements.
- Whether the tax credit provides an economic efficiency or inefficiency.

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021 Rep. Hass	Questions and discussion regarding the witnesses' stance on the (-A19) amendments and revocation of the certificates if a company violates a serious environmental pollution rule. (Exhibit 5)
027 Ledger	Would not oppose, as that applies to criminal cases and penalties.
032 Cosgrove	Could support the concept in the (-A19) amendments, but need to review the amendments further to see how it is carried out. (Exhibit 5)
037 Rep. Hass	Referenced language in (j) of the (-A18) amendments and does not feel that language is as "concrete and as hard as a green permit", (Page 5, Lines 1-3, Exhibit 4).
051 Craven	Spoke to intent of the language and it could be wordsmithed to better express intent.
057 Rep. Bates	Questions and discussion regarding clarification of the (-A18) amendments, (Exhibit 4).
120 Joe Hobson	Presented testimony in support of measure. (Exhibit 9) Continued at 10:19 a.m. as a sub-committee with Rep.'s. Bates, Brown, Hass and Vice Chair Kafoury in attendance.
183 Vice Kafoury	Chair How many farmers have taken advantage of the program since last session's action?
190 Hobson	Provided information on the progress of that legislation and the noted that the application form is still being developed.
222 Rep. Bates	Would the program include credits for moving from flood irrigation to sprinkler irrigation?
228 Hobson	Assumes so. Continued as full committee at 10:29 a.m. with the arrival Rep. Witt.

- 275 Jack McIsaac Presented testimony in support of measure. (Exhibit 10)
- Continued at 10:32 a.m. as a sub-committee with Rep.'s. Brown, Hass, Witt and Vice Chair Kafoury in attendance.
- Continued as full committee at 10:37 a.m. with the arrival Vice Chair Carlson.
- 369 Dari Jongsma Spoke in support of the measure.

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- 041 McIssac Made comments on sale of pollution control tax credits.
- 085 Olivia Clark Presented testimony in support of measure, as amended by the (-A20) amendments and provided informational handouts. (Exhibits 6 and 11-12)
- Chair Shetterly Returned at 10:52 p.m.; resumed gavel.
- 158 Helen Lottridge Provided a section by section review of the (-A20) amendments, (Exhibits 6 and 11).
- 261 Rep. Witt Questioned how broad the scope of the Task Force would be; would it apply strictly to pollution control tax credits or apply to a broader sense to green taxes or tax incentives to create environmentally positive sustainable practices, (Pages 10-11, Exhibit 6).
- 264 Lottridge It would be the broader of the two.

Continued at 10:58 a.m. as a sub-committee with Rep.'s. Brown, Witt, Vice Chair Kafoury and Chair Shetterly in attendance.

- 270 Rep. Witt "In your opinion it would grant the authority to the Task Force to examine the environment and tax policy in a broad sense?"
- Continued as full committee at 11:01 a.m. with the arrival Rep. Bates.
- 275 Lottridge Concurred.
- 290 Chair Shetterly Questioned how that would work within the relating clause.

Questioned how valuable would the credit be with a \$500,000 cap relative to the cost of projects and the value of certificates issued under current law.

310 Lottridge The value of tax credits varies drastically; cited figures of average tax credits for different years and periods.

324 Rep. Bates Questions and discussion regarding:

1. If the program is accomplishing what it should.
2. Does the tier system in the (-A18) amendments, (Exhibit 4) define "above and beyond" or is that better defined in the (-A20) amendments, (Exhibit 6)?

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042 Dave Nelson Spoke in support of the measure and the (-A18) amendments. (Exhibit 4)

137 Sarah Doll Presented testimony in opposition to measure. (Exhibit 13)

206 Chair Shetterly Questions and discussion regarding job retention and economic development.

229 Rep. Hass Asked if Doll could support the phased-down, scaled back approach similar to the Governor's proposal.

236 Doll No.

240 Chair Shetterly Meeting adjourned at 11:24 a.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 764, Senate Staff Measure Summary, Revenue and Fiscal Impact statements, LRO Staff, 4 pages
2. SB 764, Description of Proposed Amendments, Waters, 2 pages
3. SB 764, Revenue Impact, Waters, 1 page
4. SB 764, (-A18) amendment, (DJ/ps) 06/20/01, AOI, 7 pages
5. SB 764, (-A19) amendment, (DJ/ps) 06/20/01, Rep. Hass, 4 pages
6. SB 764, (-A20) amendment, (DJ/ps) 06/21/01, Governor's Office, 16 pages
7. SB 764, (-A21) amendment, (DJ/ps) 06/21/01, Sen. L. Beyer, 7 pages
8. SB 764, Table of Certificates Issued by Applicant, Ledger, 2 pages
9. SB 764, Testimony, Hobson, 11 pages
10. SB 764, Testimony, McIssac, 2 pages
11. SB 764, Section by section review of (-20) amendments and Table of Pollution Control Tax Incentives by state, Clark, 4 pages
12. SB 764, Historical Information sheet on Pollution Control Tax Credit, Clark, 1 page
13. SB 764, Testimony, Doll, 6 pages