

SENATE REVENUE COMMITTEE

January 15, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Gary George

Senator John Minnis

Senator Charles Starr

Member Excused: Sen. Tony Corcoran

Staff: Paul Warner, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

TAPE 005, SIDE A

- 004 Chair Ferrioli Meeting called to order at 8:34 a.m.
- 021 Paul Warner Gave some initial information regarding the upcoming topics of Personal and Corporate Income Taxes, and Property Taxes. Stated that Oregon is extremely dependent on Personal Income Tax as a revenue source. 69% of total state tax revenue comes from Personal Income Tax. It is also the highest percentage of tax revenue from any single source in the entire country. 85% of the General Fund comes from Personal Income Tax.

- 033 Ed Waters Began discussion of slides regarding Oregon Income Tax Slide 1: Oregon Income Taxes. (Exhibit 1.)
- 050 Waters Discussed Slide 2: Oregon Income and Property Tax.
- 075 Waters Discussed Slide 3: General Fund Revenues 1999-2001.
- 080 Waters Discussed Slide 4: Oregon Income Taxes as an introduction to discussing Slide 5: Oregon Personal Income Tax.
- 111 Waters Discussed Slide 6: Oregon Personal Income Tax.
- Questions and answers interspersed.
- 137 Waters Discussed Slide 7: 2000 Personal Income Tax Rates. Mr. Warner added further comments regarding the Consumer Price Index ("CPI").
- Questions and answers interspersed.
- 175 Waters Stated that Oregon starts taxing income at one of the lowest levels in the country. He then continued discussion of Slide 7.
- Questions and answers interspersed.
- 275 Waters Discussed Slide 8: Average Tax Rate by Income.
- General discussion, and questions and answers interspersed.
- 402 Waters Discussed Slide 9: Components of AGI

(Adjusted Gross Income) for 1998 compared with Slide 10: Components of AGI for 1990. General discussion, and questions and answers interspersed.

TAPE 006, SIDE A

- 030 Waters Continuation of Slides 9 and 10 discussion.
General discussion and further questions and answers interspersed.
- 111 Waters Discussed Slide 11: Distribution of Tax Returns for 1998 compared with Slide 12: Distribution of Tax Returns for 1990. Questions and answers interspersed.
- 179 Waters Discussed Slide 13: Average AGI 1998 compared with Slide 14: Average AGI for 1990.
Questions and answers interspersed.
- 264 Waters Discussed Slide 15: Distribution of AGI Components (1998) compared with Slide 16: Distribution of AGI Components (1990). General discussion interspersed with questions and answers.
- 410 Waters Discussed Slide 17: Income Tax Credits.
- 460 Waters Discussed Slide 18: Tax Credits & Surplus Refunds.
- 482 Waters Discussed Slide 19: "Working Family" Tax Credits (qualifications) compared with Slide 20: "Working Family Tax Credits (1997 and 1998 figures).

TAPE 005, SIDE B

- 033 Waters Continued discussion of Slides 19 and 20.
- 068 Waters Discussed Slide 21: Part Year and Nonresident Taxpayers.
- 083 Waters Discussed Slide 22: Check-Off Donations.
Questions and answers interspersed.
- 127 Waters Discussed Slide 23: Revenue Forecast & Surplus Kicker and Slide 24: Revenue Estimating Process (Quarterly).
- 167 Waters Discussed Slide 25: 2% Kicker and explained how the Kicker is derived.
- 214 Waters Discussed Slide 26: History of Surplus Kicker Refunds.
General discussion, with questions and answers interspersed.
- 410 Waters Discussed Slide 27: Fiscal Stabilization Funds (also known as "Rainy Day Funds") compared with Slide 28: Fiscal Stabilization Funds. Oregon is one of the few states that does not have a Stabilization Fund.
General discussion, with questions and answers interspersed.

TAPE 006, SIDE B

- 023 Waters Continued discussion of Slides 27 and 28.
General discussion, with questions and answers interspersed.
- 0040 Waters Discussed Slide 29: Example: HB 2007 (1997) showing how a reserve fund might work.
General discussion with questions and answers

interspersed.

092 Chair Ferrioli Adjourned the meeting at 10:02 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Waters, Oregon Income Taxes, 15 pp.