

SENATE REVENUE COMMITTEE

February 28, 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 Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Senator Randy Miller, SD 13

Mary Botkin, American Federation of State, County,
and Municipal Employees (AFSCME)

Gayle Atteberry, Executive Director, Oregon Right to
Life

John Hellen, Administrator, Oregon Gun Owners

Richard Burke, Legislative Assistant to Sen. George,
but testified as a private individual

Tricia Smith, Government Relations Specialist,
Oregon School Employees Association

Steve Lanning, Political Director, Oregon AFL-CIO

Russ Walker, Oregon Director, Citizens for Sound Economy

TAPE 057, SIDE A

006 Chair Ferrioli Meeting called to order at 8:39 a.m.

014 Ed Waters Explained that SB 560 repeals the political contribution income tax credit effective January 1, 2002. Under current law taxpayers may claim up to \$100 credit for contributions to qualified political candidates, political parties, or political action committees.

OPENED PUBLIC HEARING ON SB 560

023 Sen. Randy Miller Testified in support of SB 560. Given the current budget environment, feels the bill more critical now than it has been in past sessions. Referred to Governor's Budget and Tax Expenditure Report. Has heard many times from many people or groups that there is not enough money in the budget to provide all needed services. If that is the case, it becomes incumbent upon legislators to 1) appropriate moneys wisely, and 2) and if they believe there is not enough to do the job adequately, then they should look for ways to find additional revenue. Before taxes are increased on citizens of the state, ways should be found to eliminate certain credits. Is amazed that in past hearings he has heard from different groups that if it were not for the credit, their cause would not be able to raise money. Stated that is a pathetic view. People should give money because they support a cause, not because they'll get a tax credit if they send money in.

Is further amazed that the expected General Fund Revenue Impact is +\$8.6 million. Knows as a member of the Ways and Means Committee that he will hear the state is short on money for K-12 funding, or short on money for higher education, or short on money for the Oregon Health Plan. If he does hear that, he

wonders why anyone would resist this bill.

Pointed out that Legislative Counsel has decreed the Senate Revenue Committee cannot originate revenue-raising measures. Hopes this bill can be coupled with a revenue bill originating on the House side so it can go forward.

Questions and answers followed.

137 Waters Stated the estimated revenue impact of repealing the tax credit effective beginning the 2002 tax year would be +\$5.5 million dollars for the 2001-2003 biennium.

Questions and answers interspersed.

145 Chair Ferrioli Stated it would be irresponsible of the committee to not look at potential revenue generating measures generating from any source.

165 Sen. Miller Stated his first term as a legislator was in 1983, and he has presented a bill of this type every session since 1986, with no success.

Questions and answers interspersed.

268 Mary Botkin Testified against SB 560. She agrees with many of the points Sen. Miller made regarding the bill, but feels this little tax credit gives ordinary citizens the chance to financially participate in the political process. It gives them a chance to participate through a subsidized program.

314 Gayle Atteberry Testified against SB 560. Exhibit 3. Believes the political tax credit fosters and encourages an activity central to Oregon's government, and that is citizen involvement in government.

Oregon has a few unique ways in which to encourage more citizen involvement: 1) ballot

measure system, 2) mail-in ballot elections, and 3) political tax credit.

367 John Hellen Testified against SB 560. Exhibit 4. Stated that passage of the bill would prevent average Oregonians from participating in the political election process. He and his group encourage political activism, and if it takes financial incentive (tax credit) to encourage Oregonians to participate, at a cost of \$8.6 million (what repealing the tax credit would generate for the General Fund) that is a small price to pay. Feels other tax credits should be eliminated instead of this one.

TAPE 058, SIDE A

001 Richard Burke Testified against the bill. Ran for Governor in 1998, but did not accept the political tax credit, so is not pleading need. Believes if the state truly needs more money, taxes should be raised, not tax credits removed. Feels removing the tax credit would hurt average Oregonians. Thinks passage of this bill would send a bad message to the electorate, i.e. the state would discourage people who participated in the past from participating in the future.

Questions and answers followed.

081 Tricia Smith Testified against SB 560. OSEA represents classified school employees. The average income of OSEA members is about \$15,000, and they are significantly effected by the political process. Public employees working in education need to have an opportunity to participate with their own ideas. The political tax credit provides an opportunity for them to do that. In this country, participation in the political process is what keeps us free.

128 Steve Lanning Testified against SB 560. Exhibit 5. AFL-CIO represents 300 different unions in many occupation and income levels. The political tax credit is something that encourages members to

contribute to political campaigns.

- 149 Russ Walker Testified against SB 560. Citizens for Sound Economy has two mantras: 1) We want less from government, and 2) Politics goes to those who show up. Feels the tax credit provides a much-needed tax break to individuals who want to participate in the political process. Agrees that the tax credit empowers individuals to be involved in the political process. If ordinary individuals do not show up, whoever does show up rules the day. Typically that is business interests and unions, and those with the power and money to implement that power. It is usually hard for individuals to part with much-needed income to support political action. When Oregonians donate to Citizens for Sound Economy using the Oregon tax credit, they tend to donate more than through direct mail in other states, they tend to play a greater role in grassroots efforts by writing more letters to editors, they testify at more hearings, they meet legislators, they attend town hall meetings, and even travel from distant areas of the state to meet with Sen. Wyden's staff in Portland. In summary, they become more involved in the political process.
- 215 Chair Ferrioli Thanked Sen. Miller for bringing SB 560 before Senate Revenue for its consideration. Said the bill would be kept with the committee and offered to the Co-Chairs of House Revenue as a potential revenue balancer if needed. Explained that the bill has been brought up for discussion for the last eight legislative sessions. In honor of the bill's 16th anniversary, presented Sen. Miller with a muffin with one lighted candle.
- 270 Sen. Randy Miller Commented further on his support of SB 560. Said there are more ways for the average citizen to contribute to the political process than with a tax credit for monetary contributions. Most people (74%) who use this credit make over \$40,000 a year. The highest percentage of those ever using this credit was 5.9% of Oregonians.

Repeal of this credit will not devastate most people who want to be interested in politics. Apparently 94% of Oregonians do not know about it, do not care to use it, or do not report it.

Questions and answers followed.

422 Chair Ferrioli Reminded the committee that this issue, as well as the pollution tax credits, capital gains tax credits, enterprise zone designation, energy tax credits, and tax restructuring, will all come into sharper focus in May when the final revenue forecast is presented.

Questions and answers interspersed.

TAPE 057, SIDE B

023 Sen. Randy Miller Continued comments, interspersed with questions and answers.

CLOSED PUBLIC HEARING ON SB 560

098 Chair Ferrioli Adjourned meeting at 9:40 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 560, Waters, Revenue Impact Statement, 1 pp.

2. SB 560, Waters, 1.160 Political Contributions ORS summary, 1 pp.
3. SB 560, Atteberry, Written testimony, 1 pp.
4. SB 560, Hellen, Written testimony, 1 pp.
5. SB 560, Lanning, Written testimony, 1 pp.