

**PUBLIC HEARING AND WORK SESSION**

**SB 483, HB 2554-A, HB 2718**

**PUBLIC HEARING: HB 2161-A**

**TAPES 122-123, A/B**

**SENATE REVENUE COMMITTEE**

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**April 30, 2001 — 8:10 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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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

Richard Yates, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Hasina Squires, Special Districts  
Association of Oregon

Jon Oshel, Association of Oregon Counties

Mike Marsh, Oregon Department of Transportation

Ray Wilkinson, Oregon Forest Industries Council

Phil Adams, Lone Rock Timber Co.

Ray Craig, Assistant State Forester, Department of Forestry

Wally Rutledge, Director, Forestry Assistance Program

Ken Faulk, Oregon Small Woodlands Association

Sharon Thornberry, Gleaning Coordinator, Oregon Food Bank

Laurie Trieger, Gleaning Coordinator, Food for Lane County

Mary Jo Wade, Food for Lane County/Winter Green Farm

Patty Whitney-Wise, Director, Hunger Relief Task Force

Representative Tom Butler, House District 60

Debra Buchanan, Oregon Department of Revenue

**TAPE 122, SIDE A**

005 Chair Ferrioli Meeting called to order at 8:28 a.m.

014 Richard Yates Began discussion of SB 483, which authorizes special district to apply for refund of Use Fuel Taxes paid. The bill adds to the list of operations of motor vehicles that are exempt from this tax. Oregon has two fuel taxes: Motor Fuel Tax, which applies to gasoline, and the Use Fuel Tax, which applies to diesel, propane, natural gas, or any other fuel used to propel a motor vehicle. The bill adds fuel consumed by vehicles owned by special districts to the exempt list. Exhibit 5 lists current exemptions and how this bill with the (-1) and (-2) amendments would be included on that list.

Questions and answers interspersed.

OPENED PUBLIC HEARING ON SB 483

075 Hasina Squires Testified in support of SB 483.

- 097 Jon Oshel           Testified in support of SB 483.
- 108 Mike Marsh        Testified in support of SB 483. Explained that the (-1) amend-ments extend the refund provisions to state government and remedy an ironic situation because the Department of Transporta-tion paid itself about \$500,000 in diesel taxes last year. In addition, other state agencies paid about \$95,000. The (-2) amend-ments would allow city and county governments to be treated equally regarding the tax.

CLOSED PUBLIC HEARING ON SB 483

OPENED WORK SESSION ON SB 483

- 120 Vice Chair L.        MOTION:  
    Beyer  
  
                          MOVES (-1) AMENDMENTS TO SB 483 BE  
                          ADOPTED.
- 123 Chair Ferrioli      ORDER:  
  
                          HEARING NO OBJECTION, THE CHAIR SO  
                          ORDERED.
- 124 Vice Chair L.        MOTION:  
    Beyer  
  
                          MOVES (-2) AMENDMENTS TO SB 483 BE  
                          ADOPTED.
- 126 Chair Ferrioli      ORDER:  
  
                          HEARING NO OBJECTION, THE CHAIR SO  
                          ORDERED.
- 127 Vice Chair L.        MOTION:  
    Beyer  
  
                          MOVES SB 483 AS AMENDED TO THE  
                          SENATE FLOOR WITH A DO PASS  
                          RECOMMENDATION.

131 Chair Ferrioli ORDER:

HEARING NO OBJECTION, THE MOTION  
PASSES: 7-0-0

Sen. L. Beyer will carry the bill on the Senate  
Floor.

CLOSED WORK SESSION ON SB 483

136 Yates Gave overview of HB 2161-A. This bill deals with the reforestation tax credit, which is allowed when under-stocked stands of timber are cleared and reforested to produce healthier stands. The bill removes the December 31, 2001 sunset for preliminary certification by the Department of Forestry and extends it to 2011. The tax credit would be increased from 30% to 50% of qualified project costs.

OPENED PUBLIC HEARING ON HB 2161-A

198 Ray Wilkinson Testified in support of HB 2161-A. The Oregon Forest Industries Council supports the bill and its amendments. Stated that the only thing wrong with the program is it is underutilized. The program encourages converting brush land to productive use. Increasing the credit amount from 30% to 50% should encourage more participation in the program.

222 Phil Adams Testified in support of HB 2161-A. Exhibit 13. Stated Lone Rock Timber Co. owns about 80,000 acres in Douglas and Coos Counties. A large percentage is in brush land and underproductive ground. Since 1990 Lone Rock has converted about 5,000 acres at a cost of \$2.7 million to the company with an \$800,000 tax credit. Reforestation and rehabilitation forestry is an expensive process, is very technical, requires a large amount of expertise, and partnership with the state is very demanding. It costs approximately \$500 per acre to meet certification standards for rehabilitation of brush land to free-to-grow

status. Without the tax credit, the rehabilitation process is a questionable investment.

331 Ray Craig Testified in support of HB 2161-A.

362 Wally Rutledge Testified in support of the bill. Read Exhibit 14.

**TAPE 123, SIDE A**

030 Rutledge Continued testimony supporting HB 2161-A. Summarized by stating this bill would continue a very important incentive program to all forestland owners to convert underproducing lands to healthy, productive forests.

Questions and answers interspersed.

062 Ken Faulk Testified in support of HB 2161-A. As a landowner, Mr. Faulk has participated in the program and used the reforestation tax credit to convert a grass hillside into what is now a beautiful second-growth stand of Douglas fir. Has seen lands five and ten years after being rehabilitated and is amazed at how beautiful they are. Feels increasing the tax credit from 30% to 50% will encourage more small woodlands owners to participate in the program.

097 Sen. George Declared a potential conflict of interest because he has converted some of his own land from pasture to timber and knows how valuable program assistance and the tax credit are.

CLOSED PUBLIC HEARING ON HB 2161-A

OPENED PUBLIC HEARING ON HB 2718

129 Ed Waters Stated that HB 2718 expands the list of recipients eligible to receive donated crops under the Crop Gleaning income tax credit to include food banks and other organizations engaged in charitable food distribution. It

expands the definition to include crops already harvested by the grower. The Crop Gleaning Tax Credit stipulates that taxpayers may take a credit against personal or corporate income taxes for crop donations to gleaning cooperatives. The credit equals 10% of the wholesale market price of the crop. Credits that cannot be used because of insufficient tax liability can be used up to three years later.

- 151 Sharon Thornberry Testified in support of HB 2718. Stated the revision of the tax credit is extremely important to food recovery programs across the state, gleaning programs, and to farmers and the agricultural community. Over 700 agencies across Oregon distribute donated food.
- 177 Laurie Trieger Testified in support of HB 2178. Stated that produce gathered from fields provides much needed fresh food that is otherwise unaffordable to many people. Said it is important to keep in mind that the donated food eligible for this credit is food that by definition would otherwise go to waste.
- 204 Mary Jo Wade Testified in support of HB 2178. Gave examples on how the credit would benefit her as a farmer, and how it would benefit the many charitable organizations that would receive gleaned produce.
- 257 Patty Whitney-Wise Testified in support of HB 2178. Stated this bill makes sense and provides a win/win situation for the low-income people who need the food and for farmers.

CLOSED PUBLIC HEARING ON HB 2178

OPENED WORK SESSION ON HB 2178

284 Sen. Castillo MOTION:

MOVES HB 2718 TO THE SENATE FLOOR  
WITH A DO PASS RECOMMENDATION.

287 Sen. Starr Declared a potential conflict of interest because of utilization of gleaners in years past and probable use in the future.

294 Vice Chair L. Beyer ORDER:  
HEARING NO OBJECTION, THE MOTION PASSES: 5-0-2

SENATORS EXCUSED: FERRIOLI

Sen. Starr will carry the bill on the Senate Floor.

CLOSED WORK SESSION ON HB 2718

OPENED PUBLIC HEARING ON HB 2554-A

302 Rep. Tom Butler Testified in support of HB 2554-A. The bill permits personal income taxpayer to use the federal farm income averaging method to compute Oregon personal income taxes on farm income. Applies to tax years beginning on or after January 1, 2002. Extensive discussion regarding how income would be determined and reported on state and federal forms.

Questions and answers interspersed.

**TAPE 122, SIDE B**

029 Rep. Butler Continued comments regarding income calculation and reporting.

Further questions and answers interspersed.

056 Debra Buchanan Determined that the Department of Revenue would have no problem in administering the income averaging reporting. Stated there would be a separate worksheet for the taxpayer to utilize.

Questions and answers interspersed.

076 Rep. Butler Stated Oregon is not a "start from scratch" state, i.e. Oregon would use federal adjusted gross income numbers and go from there.

Extensive discussion, and questions and answers followed.

CLOSED PUBLIC HEARING ON SB 2554-A

OPENED WORK SESSION ON SB 2554-A

175 Sen. Starr MOTION:

MOVES HB 2554-A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

179 Vice Chair L. Beyer ORDER:

HEARING NO OBJECTION, THE MOTION PASSES: 6 — 0 — 1

SENATOR EXCUSED: FERRIOLI

Sen. Starr will carry the bill on the Senate Floor.

181 Vice Chair L. Beyer Adjourned the meeting at 9:42 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:



1. SB 483, Oregon Department of Transportation, (-1) Amendments, (JR/ps) 3/19/01 1 pp.
2. SB 483, Associated Oregon Counties, (-2) Amendments, (JR/ps) 4/17/01, 1 pp.
3. SB 483, Yates, Staff Measure Summary, 1 pp.
4. SB 483, Yates, Staff Measure Summary, 1 pp.
5. SB 483, Yates, Use Fuel Tax Chart, 1 pp.
6. SB 483, Yates, Fiscal Impact Statement, 1 pp.
7. SB 483, Fogue, Written testimony dated April 30, 2001, 1 pp.
8. SB 483, Marsh, Written testimony dated April 30, 2001, 2 pp.
9. HB 2161-A, Yates, Staff Measure Summary, 1 pp.
10. HB 2161-A, Yates, Staff Measure Summary, 1 pp.
11. HB 2161, Yates, Fiscal Impact Statement, 1 pp.
12. HB 2161-A, Yates, Revenue Impact Statement, 1 pp.
13. HB 2161, Adams, Written testimony undated, 11 pp.
14. HB 2161, Rutledge, Written testimony dated April 30, 2001, 6 pp.
15. HB 2161, McNitt, Written testimony dated April 30, 2001, 1 pp.
16. HB 2718, Waters, Staff Measure Summary, 1 pp.
17. HB 2718, Waters, Fiscal Impact Statement, 1 pp.
18. HB 2718, Waters, Revenue Impact Statement, 1 pp.
19. HB 2554-A, Waters, Staff Measure Summary, 1 pp.
20. HB 2554-A, Waters, Revenue Impact Statement, 1 pp.
21. HB 2554-A, Fiscal Impact Statement, 1 pp.