

PUBLIC HEARING: HB 2033-A

PUBLIC HEARING AND WORK SESSION:

HB 3080-A, HJM 12

TAPES 126-127, A

SENATE REVENUE COMMITTEE

May 2, 2001 — 8:10 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator John Minnis

Senator Charles Starr

Members Excused: Senator Tony Corcoran

Senator Gary George

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

James Jensen, Legislative Revenue Office Intern

Carol Phillips, Committee Assistant

Witnesses: Randall Edwards, State Treasurer

Gary Conkling, Oregon Winegrowers

Bernie Lerch, Oregon Winegrowers

Jesse Lyon, attorney representing Oregon
Winegrowers

Don Schellenberg, Oregon Farm Bureau

John McCulley, Tree Fruit Growers

TAPE 126, SIDE A

005 Chair Ferrioli Meeting called to order at 8:35 a.m.

OPENED PUBLIC HEARING ON HB 3080-A

014 Randall Edwards Testified in support of HB 3080-A. The bill allows subtraction from taxable income for earnings on Oregon qualified tuition savings accounts, effective beginning 2003 tax year. The bill also provides an opportunity to move forward in marketing the program in allowing promotion of the long-term tax-free benefit. The Oregon College Savings Plan is a plan to help families save for college expenses. There are similar bills at the federal level.

033 Edwards The program has attracted over 3,200 investors into the plan and over \$8 million has been placed in trust. Feels HB 3080-A will be a positive step in making a good plan into a great plan. The underlying goal is to help Oregonians have the ability to put money aside for educational expenses.

Questions and answers interspersed.

CLOSED PUBLIC HEARING ON HB 3080-A

OPENED WORK SESSION ON HB 3080-A

071 Vice Chair L. Beyer MOTION:
MOVES HB 3080-A TO THE SENATE
FLOOR WITH A DO PASS
RECOMMENDATION.

075 Chair Ferrioli ORDER:

HEARING NO OBJECTION, THE MOTION
PASSES: 5 — 0 — 2

SENATORS EXCUSED: CORCORAN,
GEORGE

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

CLOSED WORK SESSION ON HB 3080-A

OPENED PUBLIC HEARING ON HJM 12

085 James Jensen Stated that HJM 12 requests the Congress of the United States to repeal the phone tax. Explained that the federal phone tax is a 3% excise tax on telecommunications services. The tax was enacted in 1898 in order to help fund the Spanish-American War. This tax affects 94% of American households that have telephone services and generates \$5 to \$6 billion in federal government revenue annually. The money goes into the U.S. Treasury General Fund and is not earmarked for any specific purpose. Some phone taxes are set aside to provide more telecommunications in school and to provide Internet access.

Questions and answers interspersed.

111 Sen. Starr Commented that on a trip to Washington, D.C. he saw a group dressed in period uniforms reenacting Spanish-American War times and making a plea to repeal the phone tax. The Senator thought that sounded like a good idea.

128 Chair Ferrioli As an aside, in referring to the phone tax as a Great American Institution, referred to the fact that it is living proof that once enacted a tax never goes away.

137 Vice Chair L. Beyer Added that if memory serves him, the phone tax was often railed against because it was one of the primary funding sources for U.S. participation in the Viet Nam War.

CLOSED PUBLIC HEARING ON HJM 12

OPENED WORK SESSION ON HJM 12

143 Vice Chair L. Beyer MOTION:

MOVES HJM 12 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

Work session. L. Beyer moves HJM 12 with do pass. No objection. So ordered. Sen. Atkinson will carry. Closed work.

146 Chair Ferrioli ORDER:

HEARING NO OBJECTION, THE MOTION PASSES: 5 — 0 — 2

SENATORS EXCUSED: CORCORAN, GEORGE

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

CLOSED WORK SESSION ON HJM 12

OPENED PUBLIC HEARING O HB 2033-A

157 Lizbeth Martin-Mahar

Gave overview of HB 2033-A. The bill establishes an income tax credit or a corporate tax credit, if the taxpayer is a corporation, for the machinery and equipment or personal property used for on-farm agricultural processing. Certain conditions must be met for the farmer to qualify for the tax credit. The machinery and equipment must be located on land specially assessed for farm use or contiguous to land specially assessed for farm use. The machinery and equipment must be owned and operated by the farm operator.

Further discussion, and questions and answers interspersed.

TAPE 127, SIDE A

- 014 Gary Conkling Testified in support of HB 2033-A. Stated that agriculture in the West is struggling. For example, the State of Washington is also looking at ways to provide incentives for their agricultural interests.
- 046 Bernie Lerch Testified in support of HB 2033-A. Exhibit 11. Owns and operates a commercial orchard and a commercial winery/vineyard in Hood River, Oregon. Stated this is a challenging time for Oregon agriculture. Any tax incentive would assist all farming operations in the state.
- Questions and answers interspersed.
- 101 Jesse Lyon Testified in support of HB 2033-A. Exhibit 12. Explained in detail how the proposed legislation would work.
- Questions and answers interspersed.
- 224 Don Schellenberg Testified in support of HB 2033-A. Stated one must have a tax liability in order to claim a tax credit, and right now that is difficult for farmers to achieve. Economically speaking, agriculture is at a 20-year low.
- 277 John McCulley Testified in support of HB 2033-A. Expressed appreciation to the Oregon Winegrowers Association for their leadership on the issue. If the fruit industry ever reached profitability again, it would be able to participate in receiving the tax credit.

CLOSED PUBLIC HEARING ON HB 2033-A

- 310 Chair Ferrioli Adjourned meeting at 9:24 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3080-A, Waters, Staff Measure Summary, 1 pp.
2. HB 3080-A, Waters, Fiscal Impact Statement, 1 pp.
3. HB 3080-A, Waters, Revenue Impact Statement, 1 pp.
4. HB 3080-A, Edwards, Written testimony dated May 2, 2001, 2 pp.
5. HJM 12, Jensen, Staff Measure Summary, 1 pp.
6. HJM 12, Jensen, Staff Measure Summary, 1 pp.
7. HJM 12, Revenue Impact Statement, 1 pp.
8. HB 2033-A, Martin-Mahar, Revenue Impact Statement, 1 pp.
9. HB 2033-A, Martin-Mahar, Staff Measure Summary, 1 pp.
10. HB 2033-A, Fiscal Impact Statement, 1 pp.
11. HB 2033-A, Conkling, Written testimony undated, 1 pp.
12. HB 2033-A, Lyon, Written testimony dated May 2, 2001, 2 pp.