

**PUBLIC HEARING AND WORK SESSION: HB 2704-A**

**WORK SESSION: SB 935, HB 2670-A, HB 2207-A**

**TAPES 134-135, A**

## **SENATE REVENUE COMMITTEE**

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**May 9, 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

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Steve Meyer, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Representative Bill Witt, House District 7

Paul Cosgrove, Distilled Spirits Council of the United States

Jon Stubenvoll, Communications Director, Oregon Liquor Control Commission

**TAPE 134, SIDE A**

- 005 Chair Ferrioli Meeting called to order at 8:32 a.m.
- 015 Ed Waters Gave overview of HB 2704-A. This bill is a revenue neutral elimination of the Oregon marriage penalty beginning in the 2002 tax year. HB 2704-A increases standard deduction from \$3,000 to \$3,280 for married taxpayers filing joint returns (from \$1,500 to \$1,640 for married taxpayers filing separate returns), and reduces standard deduction from \$1,800 to \$1,640 for single taxpayers and then indexes these amounts for inflation beginning 2003.

OPENED PUBLIC HEARING ON HB 2704-A

- 043 Rep. Bill Witt Testified in support of HB 2704-A. Stated that under current law there is a penalty for married taxpayers who file a joint return. Because approximately 50% of Oregon taxpayers use the standard deduction, this bill eliminates the penalty incurred by two married taxpayers filing jointly (\$3,000) compared with two single taxpayers filing separately (\$3,600). The changes in the bill come as close as possible to revenue-neutral elimination of the "marriage penalty" and eliminate the current discriminatory treatment in the tax code for married taxpayers filing a joint return.

Questions and answers interspersed.

CLOSED PUBLIC HEARING ON HB 2704-A

OPENED WORK SESSION ON HB 2704-A

- 122 Vice Chair L. Beyer MOTION:  
MOVES HB 2704-A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

133 Chair Ferrioli ORDER:

ROLL CALL VOTE: MOTION PASSES: 4 —  
1 — 2

SENATORS VOTING AYE: CORCORAN,  
STARR, L. BEYER, FERRIOLI

SENATOR VOTING NO: GEORGE

SENATORS EXCUSED: CASTILLO, MINNIS

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

CLOSED WORK SESSION ON HB 2704-A

150 Chair Ferrioli Stated amendments to SB 260 are not ready for discussion today. The bill will be rescheduled for Work Session Thursday, May 10, 2001.

OPENED WORK SESSION ON SB 935

164 Richard Yates Discussed SB 935 and the (-3) amendments. (This bill has been discussed at previous meetings.) SB 935 requires that Oregon Liquor Control Commission (OLCC) agent compensation rates be determined by negotiation between OLCC and a negotiating team elected by current agents with urban and rural representation. The agent compensation rate is indexed. The bill prohibits "minor decoy (sting)" operations. It creates a Distilled Liquor Task Force to study issues related to either eliminating the state monopoly on the sale of distilled liquor by bottle or to changes in contracts between OLCC and agents that will give agents greater independence.

185 Yates Stated that Senate Revenue has already adopted the (-1) and (-2) amendments to SB 935. Discussed details of the (-3) amendments. Discussed Exhibit 6: Indexing of Retailer Compensation.

General discussion, with questions and answers interspersed.

246 Chair Ferrioli General discussion regarding SB 935 with questions and answers interspersed. The consistent message received from OLCC agents is that the functions of the OLCC in marketing, retailing, packaging, and selling of alcoholic beverages creating revenue for the state and the promotion of temperance, which is a primary charge of the OLCC under the constitution, are conflicted. If a different agency was conducting the actual services of the promotion of temperance, then maybe the agency would be better able to deal with their function, which is the control of alcoholic beverages and their services to customers in marketing and retailing of spirits.

291 Yates Continued discussion of the bill and amendments.

Several questions and answers interspersed.

382 Chair Ferrioli Agreed that sunset language could be added to an amendment. Further comments, and questions and answers interspersed.

468 Chair Ferrioli Stated that this bill was scheduled for Work Session but because there is work yet to be done on it, the bill will be rescheduled for a later date.

### **TAPE 135, SIDE A**

#### INVITED TESTIMONY

022 Paul Cosgrove Testified regarding the (-3) amendments. Stated that although the bill deals with the distilled liquor aspect of what OLCC does, the temperance issues brought forth by agents refer to all types of alcohol beverages, not just distilled spirits. Suggests that on lines 16 and 19 of the (-3) amendments the words "distilled liquor" be deleted and replaced with "alcoholic beverages".

Questions and answers interspersed.

061 Jon Stubenvoll Stated that he believes OLCC conducts a number of activities regarding temperance of alcoholic beverages. Said there are a number of pamphlets addressing that issue. There are also training classes conducted to show bartenders and other sellers of alcohol how to identify visibly intoxicated people and how to not provide further alcohol to those individuals. Stated that those are forms of temperance. Also had questions regarding the (-3) amendments.

Further comments, with questions and answers interspersed.

168 Chair Ferrioli Stated that because further work needs to be done on amendments to this bill, a work session will be scheduled for a later date.

#### CLOSED WORK SESSION ON SB 935

180 Lizbeth Martin-  
Mahar Gave overview of HB 2207-A. This is a Department of Revenue bill that allows an appeal of a penalty for failing to file a real, combined, or personal property tax return to the tax court if property has been omitted. Allows additional taxes to be paid prior to the completion of the following year's property tax roll.

#### OPENED WORK SESSION ON HB 2207-A

203 Vice Chair L.  
Beyer MOTION:  
  
MOVES (-A2) AMENDMENTS TO HB 2007-A BE ADOPTED.

206 Chair Ferrioli ORDER:  
  
HEARING NO OBJECTION, THE CHAIR SO ORDERED.

207 Vice Chair L.  
Beyer MOTION:

MOVES HB 2207-A AS AMENDED TO THE  
SENATE FLOOR WITH A DO PASS  
RECOMMENDATION.

211 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 HB 2207-A

218 Martin-Mahar Gave overview of HB 2670-A. This bill deals  
with the Myrtle Creek Golf Course and creates  
a property tax exemption for a nonprofit  
corporation who leases land from a  
municipality and uses the land both as a golf  
course and for the discharge of wastewater or  
sewage effluent. The property tax exemption is  
retroactive to 1998 and runs for 25 years to  
2021.

OPENED WORK SESSION ON HB 2670-A

255 Vice Chair L. MOTION:  
Beyer

MOVES HB 2670-A TO THE SENATE  
FLOOR WITH A DO PASS  
RECOMMENDATION.

269 Chair Ferrioli ORDER:

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

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

329 Chair Ferrioli Adjourned meeting at 9:21 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2704-A, Waters, Staff Measure Summary, 1 pp.
2. HB 2704-A, Waters, Revenue Impact Statement, 1 pp.
3. HB 2704-A, Waters, Fiscal Impact Statement, 1 pp.
4. SB 260, Multnomah Education Service District, Written testimony, 10 pp.
5. SB 935, Sen. Ferrioli, (-3) Amendments, (DH/ps) 5/4/01, 2 pp.
6. SB 935, Yates, Indexing of Retailer Compensation, 1 pp.
7. SB 935, Oregon Liquor Control Commission, 7 pp.
8. HB 2207-A, Martin-Mahar, Staff Measure Summary, 1 pp.