

**WORK SESSION:**

**HB 2947, HB 2948, HB 2949, HB 2950**

**TAPES 137, 138 A/B**

## **HOUSE REVENUE COMMITTEE**

**APRIL 19, 1999 @ 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

### **TAPE 137, SIDE A**

005      Chair Strobeck      Called meeting to order at 8:30 a.m. as a subcommittee. Opened work session on HB 2947. See Tax Expenditure Report, March 24, exhibit 9.

### **WORK SESSION @ HB 2947**

036      Chair Strobeck      Delete 1.108 Child Develop and Student-Parent Program. Rep. Lokan has drafted a bill, HB 3447, that eliminates sunset date on this credit.

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| 046 | Rep. Williams        | Suggested delete this from the bill and allow Lokanís bill to deal with it.  |
| 053 | Chair Strobeck       | Deleted 1.108 credit from bill, retaining the 2001 sunset.   |
| 055 | Chair Strobeck       | Delete 1.109 Youth Apprentice Ship Contributions. Deleted credit.  |
| 063 | Chair Strobeck       | Delete 1.110 Contributions of Computer Equipment. Recommended deletion.  |
| 076 | Rep. Witt            | Concurred. Follow-up comments.   |
| 078 | Rep. Williams        | Opposed deleting this credit.  |
| 80  | All                  | Questions and discussion.  |
| 120 | Chair Strobeck       | Asked committeeís consensus. Deleted credit.   |
| 125 | Chair Strobeck       | Add sunset to 1.111 Earned Income Credit. Other bills contain proposals and modifications for this bill. Suggested committee take no action. |
| 130 | Vice Chair Rasmussen | Supported sunset.  |
| 147 | Chair Strobeck       | Asked committeeís consensus. No action taken.  |
| 145 | Chair Strobeck       | Delete 1.112 Bone Marrow Transplant Expense: Deleted credit.   |
| 159 | Chair Strobeck       | Delete 1.113 Rural Medical Practice: Will be dealt with in SB 530. Deleted credit.   |
| 166 | Chair Strobeck       | Delete 1.114 Costs in Lieu of Nursing Home Care: Deleted credit.   |
| 173 | Chair Strobeck       | Add Sunset Date to 1.115 Disabled Child, 12-31-03: Retained credit with no sunset.   |

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| 188 | Chair Strobeck | Add Sunset Date to 1.116 Elderly or Permanently Disabled, 12-31-03: Retained credit with no sunset.   |
| 192 | Chair Strobeck | Delete 1.117 Loss of Limbs: Added sunset for 2001.  |
| 212 | Chair Strobeck | Add Sunset Date to 1.118 Severe Disability: Retained credit.  |
| 219 | Chair Strobeck | Delete 1.119 Oregon Capital Corporation Investments: Deleted credit.  |
| 225 | Chair Strobeck | Delete 1.120 and 1.121 Qualified Research Activities.   |
| 234 | Rep. Witt      | Supported elimination since credit is too narrow in application.  |
| 245 | Rep. Shetterly | Would prefer to hear more testimony before taking action on this credit.<br>Questions and discussion.   |
| 293 | Chair Strobeck | Agreed with Rep. Witt about narrowness, although recommended retaining sunset date.<br>Committee retained sunset date.  |
| 311 | Chair Strobeck | Delete 1.122 Investment in Rural Enterprise Zone (Income Tax): Supported retaining 2002 sunset date.  |
| 322 | Rep. Rosenbaum | Concurred. Other bills deal with expansion of enterprise zones.   |
| 332 | Chair Strobeck | Retained sunset date.   |
| 334 | Chair Strobeck | Add Sunset Date to 1.123 Child and Dependent Care: Retained credit. No sunset date added.   |
| 343 | Chair Strobeck | Add Sunset Date to 1.123 Working Family Child Care: Retain credit.<br><br>Delete 1.125 and 1.126 Dependent Care Assistance and Dependent Care Facilities: Retain credits. |

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| 350 | Chair Strobeck                | Delete 1.127 First Break Program:  |
| 354 | Reps. Shetterly,<br>Rasmussen | Proposed retaining bill.   |
| 378 | Rep. Williams                 | Is sponsoring another bill that addresses this credit.   |
| 415 | Chair Strobeck                | This bill has not been used. Supported eliminating First Break program.<br><br>Questions and discussion. Retained program. |

**TAPE 138, SIDE A**

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| 045 | Chair Strobeck | Delete 1.129 Farm Worker Housing Lender's Credit: Program is under-utilized, is not effective. Supported deletion of credit.                |
| 059 | Rep. Merkley   | SB 981 sponsored by Sen. Castillo deals with this issue.  |
| 066 | Rep. Rosenbaum | Opposed deletion. Crisis is so great that the credit is worth keeping.  |
| 078 | Rep. Witt      | Supported deletion. Credit should be provided to those who spend the money than to lenders.   |
| 085 | Rep. Merkley   | Suggested separate bill to modify this bill.  |
| 093 | Chair Strobeck | Committee reinstated sunset date for 1.129.   |
| 095 | Chair Strobeck | Delete 1.130: Involuntary Mobile Home Moves: Retained credit.   |
| 103 | Chair Strobeck | Delete 1.132 Crop Gleaning: Questions and discussion. Discussed difference between crop gleaning and charitable deduction. Retained credit. |
| 160 | Chair Strobeck | Delete 1.133 and 1.135 Field Burning and Pollution Control.   |

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| 161 | Rep. Witt            | Supported leaving sunset in place. It takes time for businesses to build. They make business decisions and build with these credits in mind.  |
| 184 | Rep. Welsh           | Suggested interim discussion.   |
| 191 | Vice Chair Rasmussen | Would leave as is, with sunset, could also support elimination.   |
| 201 | Rep. Shetterly       | Would also support leaving credit as it. Concurred with Rep. Witt's comments.   |
| 223 | All                  | Discussion on whether to continue 2001 sunset date or change it to 2003. Continued credit.  |
| 247 | Chair Strobeck       | Delete 1.136 Reclaimed Plastics: Retain 2001 sunset.  |
| 277 | Chair Strobeck       | Delete 1.138 Fish Gleaning: There has been no interest in using this credit. Deleted credit.  |
| 295 | Chair Strobeck       | Delete 1.140 Fish Screening: Continued credit.  |
| 302 | Chair Strobeck       | Delete 1.141 Alternative Energy Devices: Supported leaving 2001 sunset date for space heating or cooling, electric energy generation or domestic water heating; but deleting tax credit for swimming pools, spa, or hot tubs. |
| 334 | Vice Chair Rasmussen | Supported continuation of credit.   |
| 336 | Rep. Williams        | Referred to testimony about affordable housing using this credit to lower rents.  |
| 366 | Chair Strobeck       | Deleted swimming pools, spas, hot tubs.   |
| 372 | Chair Strobeck       | Delete 1.142 Business Energy Facilities:  |
| 379 | Vice Chair Rasmussen | Credit is important in Portland area, which has federal mandate to reduce traffic congestion. This is one tool to help with this.   |

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| 392 | Rep. Witt      | Supported retaining sunset.   |
| 407 | Rep. Shetterly | Suggested reducing amount of credit available but not eliminating credit.   |
| 416 | All            | Questions and discussion.   |
| 460 | Rep. Witt      | Would not favor deleting or lowering credit because businesses make investment decisions based upon this credit.                |
| 476 | Chair Strobeck | Pointed out, number of applications for this credit is declining, especially in downtown Portland. Reinstated 2001 sunset date. |

**TAPE 137, SIDE B**

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| 036 | Chair Strobeck | Delete 1.143 Energy Conservation Lender's Credit: Fairness issue for people with oil or wood heated homes instead of electric homes.  |
| 047 | Rep. Williams  | Would retain this credit for people in areas where people heat with oil or wood because electricity or gas are less available.  |
| 062 | Chair Strobeck | Added sunset date.  |
| 065 | Chair Strobeck | Delete 1.144 Geothermal Heating systems Connection: Retained with sunset date.  |
| 071 | Chair Strobeck | Delete 1.145 Reforestation: Retained with sunset date.  |
| 080 | Chair Strobeck | Delete 1.146 Fire Insurance Credit: Retained, added 2003 sunset date.   |
| 097 | Chair Strobeck | Delete 1.147 Assessments on Worker's Compensation; Delete 1.148 Assessments Paid to Oregon IGA; Delete 1.149 Assessments Paid to Oregon Life and Health IGA.<br><br>Retained these three credits. |
| 117 | Chair Strobeck | Closed work session on HB 2947. Opened work session on HB 2950.   |

**WORK SESSION # HB 2950**

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| 127 | Chair Strobeck       | Delete 1.090 Physicians in "Medically Disadvantaged" Areas: SB 530 deals with this issue. Deleted credit.  |
| 151 | Chair Strobeck       | Delete 1.094 Donations of Art by the Artist. Recommended elimination.  |
| 159 | Vice Chair Rasmussen | Declared conflict of interest, but would support elimination of credit.  |
| 163 | All                  | Questions and discussion concerning artwork donated for charitable causes.   |
| 201 | Chair Strobeck       | Deleted credit.  |
| 203 | Chair Strobeck       | Delete 1.096 Local Private Activity Bond Interest: Deleted credit.   |
| 213 | Chair Strobeck       | Delete 1.097 Service in Vietnam on Missing Status: No longer applies since there is no longer anyone considered missing in action. Deleted credit. |
| 222 | Chair Strobeck       | Delete 1.098 Oil Tank Cleanup Costs: New program established in 1997 replaces this one. Deleted credit.  |
| 227 | Chair Strobeck       | Delete 1.099 Underground Storage Tank Cleanup Grants: Recommended retaining with sunset.   |
| 242 | Vice Chair Rasmussen | This credit applies to one tank in Eastern Oregon: Supported retaining credit.<br><br>Questions and discussion.                                    |
| 261 | Chair Strobeck       | Retained credit.   |
| 262 | Chair Strobeck       | Delete 1.110 Cash Payments for Energy Conservation: Dramatic drop-off in cost because utilities have reduced their energy conservation programs.   |
| 272 | Vice Chair Rasmussen | This drop-off was due to uncertainty in deregulation. Would consider leaving as is, or putting 2003 sunset date until after deregulation.          |

- 293 Chair Strobeck Retained credit, added 2003 sunset date.
- 299 Chair Strobeck Closed work session on HB 2950; opened work session on HB 2948 (See HB 2948-1 amendments, **EXHIBIT 1**).

**WORK SESSION n HB 2948**

- 308 Vice Chair Rasmussen **MOTION: MOVED n1 AMENDMENTS TO HB 2948 BE ADOPTED.**
- 315 Chair Strobeck **ASKED FOR OBJECTIONS TO MOVING -1 AMENDMENTS INTO HB 2948. HEARING NO OBJECTION, THE CHAIR SO ORDERED.**
- 328 Vice Chair Rasmussen **MOTION: MOVED HB 2948, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.**
- 334 **VOTE** **ROLL CALL VOTE: MOTION PASSES 9-0-0**  
**REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK**  
**VICE CHAIR RASMUSSEN WILL CARRY THE BILL.**
- 344 Chair Strobeck Closed work session on HB 2948; opened work session on HB 2949.

**WORK SESSION n HB 2949**

- 345 Chair Strobeck Amendment to Property Tax Bill  
  
Delete 2.002 Fraternities, Sororities and Cooperatives; Delete 2.003 Student Housing Furnishings. Questions and discussion on whether deleting these credits would harm sororities.
- 393 Ed Waters Sorority, fraternity, or cooperative is exempt from property taxes levied by schools, educational service districts, and community colleges.
- 405 Vice Chair Rasmussen Supported eliminating credit.



407 Rep. Witt Opposed eliminating credit. Credit supports education.

422 Chair Strobeck Suggested 2001 sunset date.

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**TAPE 138, SIDE B**

032 Chair Strobeck Suggested 2001 sunset date.  
Questions and discussion concerning elimination, sunset date.  
Retained credit; added 2003 sunset date for 2.002 and 2.003.

071 Chair Strobeck Delete Private Libraries for Public Use: Exemption enacted in 1854. Credit does not achieve its purpose. Questions and discussion. Retained credit.

114 Chair Strobeck Delete 2.024 Fairground Leased Storage Space

129 Rep. Shetterly This credit is critical to some small county fairs.

131 Chair Strobeck Retained credit; added 2003 sunset date.

133 Chair Strobeck Delete 2.031 Nonprofit Housing for the Elderly: Not utilized much. Deleted credit.

162 Chair Strobeck Delete 2.040 Mobile Field Incinerators: No longer used. Deleted credit.

176 Chair Strobeck Delete 2.048 Pollution Control Facilities: Continued credit.

189 Chair Strobeck Delete 2.049 Nonprofit Sewage Treatment Facilities: Questions and discussion. Deals with one facility. Continued credit.

211 Chair Strobeck Delete 2.050 Riparian Habitat Land: Continued credit.

225 Chair Strobeck Delete 2.051 Ethanol Production Facility: Deleted credit.

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|     | Chair Strobeck | Delete 2.052 Alternative Energy Systems: Continued credit; retained sunset date. |
| 250 | Chair Strobeck | Delete 2.075 Nonprofit Telephone Associations: Deleted credit.                   |
| 268 | Chair Strobeck | Delete 2.076 Private Service Telephone Equipment: Deleted credit.                |
| 280 | Chair Strobeck | Delete 2.077 Railroad Way Used for Alternative Transport: Deleted credit.        |
| 276 | Chair Strobeck | Closed work session on HB 2949. Adjourned meeting at 10:10 a.m.                  |

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2948, Waters, Proposed Amendments to House Bill 2948 (HB 2948-1), 1 p.
2. HB 2950, Martin-Mahar, Proposed Amendments to House Bill 2950 (HB 2950-1), 4 pp.
3. HB 2950, Martin-Mahar, Individual and Corporation Exemptions and Subtractions, 1 p.