

PUBLIC HEARING & WORK SESSION:

SB 495-A, SB 253, SB 258, HJR 59-A

TAPES 193 A/B, 194 A

HOUSE REVENUE COMMITTEE

MAY 19, 1999 ñ 8:15 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Dean Bloemendaal, Myrtle Creek

Susan Browning, Oregon Dept. of Revenue

Rep. Juley Gianella, District 38

Captain Greg Willeford, Oregon State Police

David Hooper, Oregon Lottery

TAPE 193, SIDE A

005 Chair Strobeck Called meeting to order at 8:20 a.m. Opened public hearing on SB 495-A.

PUBLIC HEARING n SB 495-A

010 Paul Warner SB 495-A was in response to issue brought forward by a taxpayer who couldn't collect refunds for overpayment of taxes due to lack of flexibility in the current law. The taxpayer worked with Dept. of Revenue to draft SB 495.

023 Dean Bloemendaal Spoke in support of the measure. See letter from Dean D. Bloemendaal (**EXHIBIT 1**). Spoke on behalf of Mr. and Mrs. Ed Collins who did not file timely state tax return or extensions in 1995 because of his terminally ill wife. According to state law, those who fail to respond to a 90-day warning letter to file, lose their rights to appeal. He was unable to file for his 1995 refund. Dept. of Revenue garnished his wages. SB 495-A puts Oregon law in line with federal law, giving Mr. Collins three years to file.

091 Susan Browning Spoke in support of the measure. See written testimony (**EXHIBIT 2**), **Background:** A taxpayer can currently appeal through the court system and Dept. of Revenue can see it again for cancellation of liability.

131 Browning **SB 495-A makes the following changes:**

- An individual who has failed to file a tax return when required will now be able to file a tax return at any time to establish correct tax liability.

138 Browning

- The department may reject a return if it is not signed or if it is obvious that the return is not materially correct.

Etc.

208 Rep. Shetterly Asked Browning if Dept. of Revenue is satisfied that there are still enough consequences for people who purposely fail to file.

217 Browning Dept. of Revenue looked at this closely. Wants to avoid causing people to not file. Non-filer must still pay penalties and interest. Intent is to collect the true tax.

230 Rep. Shetterly **MOTION: MOVED SB 495-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

231 Chair Strobeck **ASKED FOR ANY OBJECTIONS TO MOVING SB 495-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. MERKLEY WILL CARRY THE BILL.**

REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, WITT, CHAIR STROBECK

REPRESENTATIVES EXCUSED: SHETTERLY, WELSH, WILLIAMS, VICE CHAIR RASMUSSEN

235 Chair Strobeck Closed work session on SB 495-A. Opened public hearing on HJR 59-A.

PUBLIC HEARING ñ HJR 59-A

245 Rep. Juley Gianella Spoke in support of the measure. See written testimony **(EXHIBIT 5)** verbatim. HJR 59-A would increase the number of state troopers on Oregon highways. Voter initiative.

277 Capt. Greg Willeford Spoke in support of the measure. See written testimony **(EXHIBIT 6)**. Asking for funding of state police out of Highway Trust Fund. Gave brief history of funding for state police highway patrol. General fund has decreased funding to 65%. General fund funding has been unstable. State police are not able to answer 12,000 calls per year because of staffing.

364 Willeford HJR 59-A (voter initiative) would provide legislature an additional funding option for uniform patrol for Oregon State Police. Would add third element of highway safety programs ñ enforcement ñ to education and engineering efforts. Would reduce highway crime.

395 Chair Strobeck Committee has heard testimony about deteriorating roads and highways, and how the existing taxes are causing roads to fall behind. By adding state police back into this fund, wouldn't this adversely affect state highway maintenance?

412 Willeford State police recognize deteriorating infrastructure of roads, but safe highways are not just from engineering. Roads also need enforcement, engineering and education. This bill does not have a fiscal impact. It only refers to a vote.

TAPE 194, SIDE A

020 All Continued questions and discussion on HJR 59-A.

048 Willeford Request is limited to patrol activities only, not fish and wildlife or any other police function.

047 Chair Strobeck Closed public hearing on HJR 59-A. Opened work session on HJR 59-A.

WORK SESSION n HJR 59-A

050 Vice Chair Rasmussen **MOTION: MOVED HJR 59-A TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

052 Richard Yates Explained, amendments from House Transportation Committee eliminated lines 21-23 but reinstated language that limits use of funds to use of funds to policing of public highways, roads, streets, and roadside rest areas.

070 All Questions and discussion concerning amendments. Concern that there are police budgets that extend beyond highways.

090 Willeford House Committee on Transportation amended the original bill. Concern was that troopers in Patrol Division are full-service police. Sponsor Rep. Hill didn't want bill to stop state police from assisting local police. Bill is intended for uniform branch of patrol division only.

107 Rep. Shetterly Clarification in language would be helpful. Broader concern is impact on highway fund. Also, reason state police are not in constitution is that voters took them out. Will oppose resolution.

123 Rep. Merkley Supports resolution. Would clarify language on line 22. Bill gives option to use state highway funds, does not make it mandatory.

140 Vice Chair Rasmussen Will support resolution to give voters options on how to fund state police.

154 Rep. Kafoury Supports need for more state troopers. Is concerned with debate about gas tax, and this would complicate the issue.

163 Rep. Shetterly Concurred with Rep. Kafoury's testimony. Will make it harder to get funding for roads.

178 Rep. Witt Will support resolution. Patrolling roads is a part of the function of maintaining roads. Should not confuse this with gas tax debate. Would rather refer this resolution to voters for constitutional change.

206 Rep. Welsh Will support resolution, but reserves right to vote "no" on the floor.

226 **VOTE** **ROLL CALL VOTE: MOTION PASSES 5-4-0**
REPRESENTATIVES VOTING AYE: MERKLEY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN
REPRESENTATIVES VOTING NAY: KAFOURY, ROSENBAUM, SHETTERLY, CHAIR STROBECK
REP. RASMUSSEN WILL CARRY THE BILL.

237 Chair Strobeck Closed work session on HJR 59-A. Opened public hearing on SB 253.

PUBLIC HEARING n SB 253

244 Ed Waters Summarized SB 253 (**EXHIBIT 8**). Clarifies that classification of limited liability companies is for all purposes under the statutes, and not limited only to taxation.

256 Susan Browning Spoke in support of SB 253. See Bill Summary (**EXHIBIT 9**). The word "taxation" is causing confusion. Recommended deleting it.

283 Vice Chair Rasmussen Closed public hearing on SB 253. Opened work session on SB 253.

WORK SESSION n SB 253

285 Rep. Shetterly **MOTION: MOVED SB 253 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

289 **VOTE** **ROLL CALL VOTE: MOTION PASSES 9-0-0**
REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK
REP. WILLIAMS WILL CARRY THE BILL.

301 Vice Chair Rasmussen Closed work session on SB 253. Opened public hearing on SB 258.

PUBLIC HEARING n SB 258

- 305 Susan Browning Spoke in support of the measure. See Bill Summary (**EXHIBIT 11**). Clarifies what states can tax in regard to retirement income. Simplifies record keeping. Conforms with federal law.
- 337 David Hooper Spoke in support of the measure. See written testimony (**EXHIBIT 12**), -1 Amendment to SB 258 Relating to Taxation, Oregon State Lottery. History: Law does not state whether Oregon state income tax for lottery winnings would apply to non-residents.
- Issue: SB 410 made Oregon Lottery prizes a form of income, subject to state taxation.
- Solution: Change applicable date to prize payments to "beginning on or after January 1, 2000."
- Directed members' attention to n1 amendments (**EXHIBIT 13**).
- 428 Browning Dept. of Revenue concurs with -1 amendments.

TAPE 193, SIDE B

- 016 Chair Strobeck Noted description of original bill on Staff Measure Summary (**EXHIBIT 14**): Clarifies that retirement income received by a non-resident does not constitute income derived from sources within Oregon unless the individual is domiciled in Oregon. Asked, how could a non-resident be domiciled in Oregon?
- 022 Browning Not common. Example would be a retired couple who moves to Arizona part-year and still considers Oregon to be home. Issue is one of intent. Another example is of military personnel living overseas.
- 053 Chair Strobeck Closed public hearing on SB 258. Opened work session on SB 258.

WORK SESSION n SB 258

- 054 Rep. Shetterly **MOVED -1 AMENDMENTS TO SB 258 BE ADOPTED. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.**
- 056 Rep. Shetterly **MOTION: MOVED SB 258 AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION. ASKED FOR ANY OBJECTIONS. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED. REP. WELSH WILL CARRY THE BILL.**

REPRESENTATIVES PRESENT: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK

REPRESENTATIVES EXCUSED: WITT

062 Chair Strobeck

Closed work session on SB 258. Adjourned meeting at 9:20 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

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1. SB 495, Bloemendaal, Dean D. Bloemendaal Licenses Tax Consultant #4574, 2 pp.
2. SB 495, Browning, Oregon Department of Revenue Testimony Before House Revenue Committee on SB 495-A, 1 p.
3. SB 495, Warner, Staff Measure Summary, 1 p.
4. SB 495, Warner, Legislative Fiscal and Revenue no impact statements, 1 p.
5. HJR 59, Gianella, testimony of Rep. Juley Gianella, District 38, 2 pp.
6. HJR 59, Willeford, Oregon Department of State Police testimony of Captain Greg Willeford, 11 pp.
7. HJR 59, Botwinis, Oregon State Police Officers' Association, Memorandum from Jim Botwinis, 2 pp.
8. SB 253, Waters, Staff Measure Summary, 1 p.
9. SB 253, Browning, Oregon Department of Revenue Bill Summary: SB 253, 1 p.
10. SB 253, Waters, Legislative Fiscal and Revenue no impact statements, 1 p.
11. SB 258, Browning, Oregon Department of Revenue Bill Summary: SB 258, 1 p.
12. SB 258, Hooper, House Revenue Committee's Amendments to SB 258 relating to Taxation, Oregon Lottery Testimony, 4 pp.
13. SB 258, Hooper, Proposed Amendments to Senate Bill 258 (SB 258-1), 1 p.
14. SB 258, Waters, Staff Measure Summary, 1 p.
15. SB 258, Waters, Legislative Fiscal and Revenue no impact statements, 1 p.
16. SB 495, Fisher, letter in support of bill from Kennedy's Tax Service, 1 p.
17. SB 495, Fisher, letter in support of bill from Marilyn Johnston, Central Point, 1 p.
18. SB 495, Fisher, letter in support of bill from Oregon Association of Tax Consultants, 1 p.