

## SENATE REVENUE COMMITTEE

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February 16, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Senator Randy Miller, Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Members Excused: Senator Thomas Wilde, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Susan Browning, Department of Revenue

### TAPE 038, SIDE A

004 Chair Miller Meeting called to order at 3:04 p.m.

OPENED PUBLIC HEARING ON SB 259

009 Ed Waters Described what SB 259 does:

- Addresses taxes paid on federal retirement income by retirees.

- Concerns the statute of limitations applicable to tax years that can be reopened.
- Declared an emergency.

035	Susan Browning	Presented testimony in support of measure. (Exhibit 1)
083	Browning	Discussed the amendment, as proposed by the Department. (Exhibit 2) The amendment has received the approval of both the State and the retiree attorneys.
111	Chair Miller	How does the State know, by law, that every federal retiree is entitled to an equal share in the distribution? (Lines 7-13, Exhibit 2)
127	Browning	That was the wording worked out among the parties involved in the Oregon Tax Court case, Nos. 3605-3610, 3868. Parties to the case; John F. Vogl, et al., Plaintiffs vs. Department of Revenue, State of Oregon, et al., Defendants and James M. Dixon, et al., Plaintiffs vs. State of Oregon, et al., Defendants.
134		Discussion and questions interspersed.
175	Browning	Referenced fiscal impact statement. (Exhibit 3)
199	Sen. Beyer	As a revenue bill can the emergency clause be invoked?
200	Browning	The Department has worked closely with Dexter Johnson, Legislative Counsel. SB 259 has provisions that are allowable under an emergency clause.
206		Distributed revenue impact statement. (Exhibit 4)

OPENED PUBLIC HEARING ON SB 260

216	Ed Waters	Reviewed SB 260. Referenced the conceptual amendment. (Exhibit 5)
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OPENED WORK SESSION ON SB 260

258 Sen. Beyer MOTION: MOVED CONCEPTUAL AMENDMENT (EXHIBIT 5) BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

264 Chair Miller Requests conceptual amendment be put into LC form before final action is taken.

OPENED WORK SESSION ON SB 259

285 Sen. Beyer MOTION: MOVED (-1) AMENDMENTS TO SB 259 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

291 Chair Miller The payment schedule is for the 2001-2003 biennium?

299 Browning Under the agreement the Department has to June 30, 2003 for payment of the closed years. The Department anticipates that the payments will be made in the 2001 year, understanding the money is not in the Governor's budget for 2001. These payments accrue interest at a 9% rate.

332 Sen. Beyer Does the \$118,000,000 projected revenue loss include the 9% interest?

335 Browning Yes.

336 Sen. Beyer How much would it be if it were paid this year?

337 Waters The statutory rate at 9% for a 12 month period translates to approximately \$9,000,000/year, if that amount were paid October 1, 2000 subtract \$9,000,000, if it were paid October 1, 1999 subtract another \$9,000,000.

349 Discussion and questions about early repayment and what impact that would have overall.

420 Sen. Beyer This is a refund that is due now. If the assembly were to approve the payment early, the effect would reduce the kicker.

433 Chair Miller Requested staff research what language, if any, is needed to allow the refund to be paid back at an earlier date than the 2001-2003 biennium and provide amendments, if necessary.

451 Browning It is my understanding the language to pay back the monies is a separate issue, it is more of a budgetary issue. "I will work with staff."

458 Sen. Beyer The State doesn't budget for other refunds, why budget for this one? Isn't it an adjustment in revenue, not an appropriation?

474 Chair Miller It is an appropriations issue because there is some flexibility as to when the obligation is due.

477 Discussion regarding whether or not this is consistent with normal tax policy.

**TAPE 039, SIDE A**

033 Continued discussion regarding whether or not this is consistent with normal tax policy.

052 Chair Miller Meeting adjourned at 3:35 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

**Exhibit Summary:**

1. SB 259, Browning, Written testimony, 1 page
2. SB 259, Browning, (-1) amendments, (DJ/ps) 02/15/99 and hand-engrossed copy of SB 259, 3 pages
3. SB 259, LRO Staff, Fiscal impact statement, 1 page
4. SB 259, Waters, Revenue impact statement, 1 page

5. SB 260, LRO Staff, Conceptual amendment, 1 page