

**PUBLIC HEARING: SB 535, SB 537**

**WORK SESSION: HB 2044**

**TAPES 064 ñ 065 A**

## **SENATE REVENUE COMMITTEE**

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

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Members Present: Senator Randy Miller, Chair

Senator Thomas Wilde, Vice Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Gary Carlson, Associated Oregon Industries

Tim Nesbitt, Service Employees International Union

### **TAPE 064, SIDE A**

005      Vice Chair Wilde      Meeting called to order at 3:05 p.m.

OPENED PUBLIC HEARING ON SB 535 and SB 537

012	Gary Carlson	Presented testimony in support of SB 537 and SB 535. (Exhibit 2)
086	Carlson	Continued with testimony in support of measures.
125	Vice Chair Wilde	Commented on SB 537 and how deductions are granted, as a business, on equipment, overhead, etc., however if the payment is made to the federal government the State restricts what can be deducted. Spoke to what preferences would be.
145	Chair Miller	How would the argument of fairness be countered?
154	Carlson	Responded by referencing comments to media yesterday in response to the Governor's proposal, specifically the corporate tax increase. The issue is an appropriate level of school funding, not corporate taxation or the State keeping the surplus kicker. The issue is quality in the public school system and it needs to be addressed. There are basic structural problems, as well as allocation problems with available revenues.
238	Chair Miller	When tax rates at the federal level were reduced did the federal government lose revenues?
254	Carlson	"I don't believe so; I believe it actually stimulated the economy."
303	Tim Nesbitt	Presented testimony in opposition to measures. (Exhibit 3)
362	Vice Chair Wilde	Spoke to who and what generates jobs. "If dollars earned are used to stimulate the economy by providing jobs that would not otherwise be there doesn't that constitute helping one's fellow man?"
376	Nesbitt	The counter argument would be wages are taxed and workers also spur the economy just as an investor does. In terms of fairness the whole picture must be looked at, the bottom line in terms of total impact, as well as the tax codes pieces.
396	Vice Chair Wilde	Commented that taxes are used as a tool to control behavior and the ripple effect created by disincentives. The picture becomes very broad when the kinds of businesses the State wishes to stimulate and what incentives does the State want to put in place so that money is recycled is added.

**TAPE 065, SIDE A**

010	Chair Miller	Spoke of a founding principle of this country, which was based on free enterprise and the realization of the fruits of your labor" without excessive taxation. What is a "fair share" figure, in terms of taxes?
031	Nesbitt	Spoke to a progressive tax system where those with the greater ability to pay bear a greater proportion of their incomes for support of government services. Tax debates must consider both fairness and adequacy. Defined adequacy.
When the country was founded the social services, infrastructure, school system, etc. were not provided by the government.		
050		Discussion and questions between the Chair and Mr. Nesbitt as to what percent of ones wages is "fair and reasonable". Discussed the types of taxes levied and the equity of those types of taxation.
125	Sen. Beyer	Commented on the Chair and Mr. Nesbitt's previous conversation, however the State tax rates are the only issues that are within the legislature's control. Spoke to the current tax system and how it was structured; tax changes need to be looked at in context.
167		Distributed revenue impact statement for SB 537, (Exhibit 1) and revenue impact statement for SB 535. (Exhibit 4)
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182	Lizbeth Martin-Mahar	Explained the effect of the (-01) amendment to HB 2044, based on the proposed conceptual amendment presented Thursday, March 11. (Exhibit 5)
214	Sen. Beyer	MOTION: MOVED (-1) AMENDMENT TO HB 2044 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.
217	Sen. Beyer	MOTION: MOVED HB 2044, AS AMENDED, TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
221	VOTE	ROLL CALL VOTE: MOTION PASSES 5-0-0

SENATORS VOTING AYE: Beyer, Hartung, Starr, Wilde, Chair Miller

Sen. Beyer will carry the bill.

229      Chair Miller      Meeting adjourned at 3:48 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 537, Waters, Revenue impact statement, 1 page
2. \*SB 537, Carlson, Written testimony, 5 pages
3. \*SB 537, Nesbitt, Written testimony, 4 pages
4. SB 535, Waters, Revenue impact statement, 1 page
5. HB 2044, Martin-Mahar, (-1) amendment, (DJ/ps) 03/15/99, 1 page

\*Refers also to SB 535