

SENATE REVENUE COMMITTEE

MARCH 30, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Rob Douglas, Oregon Society of Certified Public Accountants

Karey Schoenfeld, Oregon Society of Certified Public Accountants

Kim Spaulding, Oregon Society of Certified Public Accountants

Susan Browning, Department of Revenue

TAPE 075, SIDE A

007 Chair Miller Meeting called to order at 3:01 p.m.

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| 013 | Ed Waters | Described HB 2137 A-Eng., which updates specific references in the ORS relating to tax credits and tax administration and incorporates definition of new items and entities to reflect recent changes to the Internal Revenue Code. Provided background to the measure. (Exhibit 1) |
| 043 | Rob Douglas | Discussed historical background and spoke in support of the measure. The goal of HB 2137 A-Eng. is to bring Oregon tax law more into alignment with the Internal Revenue Code. |
| 073 | Karey Schoenfeld | Presented testimony in support of measure. (Exhibit 2) |
| 156 | Kim Spaulding | Continued with testimony and the home office deduction, §932, (Page 10, Exhibit 2). |
| 180 | Schoenfeld | Continued with testimony and the expanded definition for an investment company, §1002, (Page 18, Exhibit 2). |
| 235 | Schoenfeld | Continued with testimony and installment sales for certain sales of personal property, §1088, (Page 26, Exhibit 2). |
| 333 | Spaulding | Continued with testimony and the child tax credit, §101, (Page 46, Exhibit 2). |
| 418 | Schoenfeld | Continued with testimony and foreign-related provisions, (Pages 63-65, Exhibit 2). |

TAPE 076, SIDE A

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| 037 | Schoenfeld | Continued with testimony and federal excise taxes, §1402-1436, (Page 72, Exhibit 2). |
| 065 | Schoenfeld | Continued with testimony and Section C, which are areas that do not automatically reconnect and a reconnect is important. Began with establishment of nondeductible Roth IRAs, §302, (Page 78, Exhibit 2). |
| 148 | Schoenfeld | Continued with testimony and earned income credit provisions, §1085, (Page 82, Exhibit 2). |
| 235 | Schoenfeld | Continued with testimony and tax court procedures beginning with §1462, (Page 88, |

Exhibit 2).

- 323 Schoenfeld Summarized the two things that would not be picked up:
1. Net operating losses
 2. The 1989-91 statute of limitations, which would allow firefighters to amend returns.

Everything else is picked up, either in HB 2137 or the amendments.

- 329 Sen. Beyer Did the House discuss changing Oregon's equivalent of the research and development tax credit?

- 333 Schoenfeld No, this bill strictly ties to the definition for federal and does not change the percentage.

- 341 Chair Miller In the discussions with Department of Revenue were there suggestions or recommendations that your organization brought forward that did not prevail?

- 352 Schoenfeld No, we prevailed on all issues of importance. Our organization would like to see a change in the net operating loss, however that is not realistic because Oregon's net operating loss will always be different. That is an issue that needs to be discussed elsewhere.

- 382 Sen. Beyer Commented on the research and development tax credit and the issue brought forward by an organization for emerging business. Would this be an appropriate vehicle to amend the tax credit into?

- 399 Chair Miller It may be an acceptable proposition, but I would prefer to let that issue rise or fall on its own merits.

- 415 Susan Browning Concurred with prior testimony and spoke in support of the measure.

WORK SESSION ON HB 2137 A-ENG.

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| 430 | Vice Chair Wilde | MOTION: MOVED HB 2137 A-ENGROSSED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION. |
| 436 | Sen. Beyer | There is no revenue impact? |
| 442 | Waters | Correct. |
| 444 | VOTE | <p>ROLL CALL VOTE: MOTION PASSES 5-0-0</p> <p>SENATORS VOTING AYE: Beyer, Hartung, Starr, Wilde, Chair Miller</p> <p>Vice Chair Wilde will carry the bill.</p> |
| 464 | Chair Miller | Meeting adjourned at 3:56 p.m. |

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2137, Waters, Revised House staff measure summary, revenue and fiscal impact statements, 3 pages
2. HB 2137, Schoenfeld, Written testimony, 106 pages