

SENATE REVENUE COMMITTEE

APRIL 15, 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

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Senate President Brady Adams, Senate District 25

Senator Mae Yih, Senate District 19

Jack Sollis, Oregon PERS Retirees, Inc.

Lynn McNamara, League of Oregon Cities

Maria Keltner, Association of Oregon Counties

George Berry, Citizen

Dexter Johnson, Legislative Counsel

Jim Manary, Department of Revenue

Sandy Flicker, Oregon Rural Electric Cooperative Association

TAPE 089, SIDE A

004 Chair Miller Meeting called to order at 3:03 p.m.

PUBLIC HEARING ON SB 7

007 Sen. Pres. Adams Spoke in support of the measure. Discussed revenue impact to the State, referenced revenue impact statement. (Exhibit 1)

072 Sen. Mae Yih Presented testimony in support of measure. (Exhibit 7)

096 Chair Miller The revenue impact for 2001-03 will be about \$91 million?

099 Sen. Pres. Adams About \$93 million.

101 Chair Miller It is your position that fairness needs to be incorporated into the tax code?

106 Sen. Pres. Adams Yes, the State has a responsibility to be fair and this is a fundamental fairness issue that needs to be addressed, regardless of the State's ability to afford it. However, the State does have the ability to be fair.

Distributed the (-1) amendment (Exhibit 2), (-3) amendment (Exhibit 3) and (-4) amendment (Exhibit 4).

137 Chair Miller Spoke to previous "equity" measures passed out by this legislature and the Governor's veto of those measures. What do you believe is the chance of the Governor signing this measure?

154 Sen. Pres. Adams Has a concern that this bill will be vetoed and that causes discomfort.

179	Sen. Yih	Concurred with the Senate President's comments on fairness and the State's responsibility to be fair, as it relates to this issue.
195	Lynn McNamara	Presented testimony in support of measure. (Exhibit 5)
<p>The (-1) amendment deals with the League's concern regarding how the measure can be structured to clarify that both SB 656 and HB 3349 remedies are dealt with sufficiently and minimize loss income tax revenue to the State, (Exhibit 2).</p> <p>The League has taken no position on State taxation of private pension benefits.</p>		
256	Maria Keltner	Presented testimony in support of measure. (Exhibit 6)
302	George Berry	Spoke in support of the measure.
320	Jack Sollis	Spoke to the measure. My opposition to the measure was the removal of Cost of Living Adjustments (COLAs) and has been resolved by proposed amendments.
400	Richard Yates	Reviewed the measure section by section, beginning with §1 of the measure and income that is excluded from personal income tax.

TAPE 090, SIDE A

037	Yates	Continued with section by section review of bill, page 3, line 4.
084	Yates	Continued with section by section review of bill, page 10, line 19.

Reviewed the (-1) amendment, which clarifies the language in §7 of the measure, (Exhibit 2).

Reviewed the (-2) amendment, which would allow a private retiree to take a subtraction for up to, but not exceeding \$50,000. There is no such limit on public pensions. (Exhibit 9)

118	Yates	Reviewed the (-3) amendment, which essentially combine the (-1) and (-2) amendments and make the effective date January 1, 1999 for PERS retirees and January 1, 2002 for private retirees.
120	Sen. Beyer	The (-3) amendment, (Exhibit 3) make the (-1) amendment, (Exhibit 2) and (-2) amendment, (Exhibit 9) unnecessary?
127	Yates	Correct.
129	Vice Chair Wilde	Where does the (-3) amendment, (Exhibit 3) deal with the deletion of lines 12-37 on page 7, as shown in the (-1) amendment, (Exhibit 2)?
140	Dexter Johnson	The content in the (-1) amendment is not included in the (-3) amendment; the (-2) is incorporated in the (-3) amendment.
		The difference between the two amendments is the effective date for the addition of the private pension with the \$50,000 limit. In the (-3) amendment the effective date is tax year 2002 and in the (-2) amendment the effective date is tax year 1999.
161	Chair Miller	There are two versions; the (-2) and the (-3) are slightly different on the implementation date of the \$50,000 private retiree limit and the (-1) needs to stand alone, correct?
164	Johnson	Correct.
173	Yates	Reviewed the (-4) amendment, which repeals the provisions in ORS Chapter 237 dealing with how local jurisdictions must treat police and fire pensions under SB 656 and HB 3349.
185	Chair Miller	Do any of the amendments impact the costs (\$93 million in 2001-2003) spoken to by the Senate President?
192	Yates	The first 3 pages of the revenue impact statement are consistent with the (-3) amendment and are what the Senate President addressed. Reviews the revenue impact statement column by column (Page 1, Exhibit 1).

250	Yates	There are no assessments when the taxation of private retirees is changed; there is only the tax loss, which takes effect January 1, 2002, (Page 2, Exhibit 1).
269	Chair Miller	Is the \$50,000 limit for private retirees in the (-2) amendment and (-3) amendment reflected in the revenue impact statement? Spoke to an uncertainty as to the equity in placing a cap was put on the private retirees.
282	Yates	It is built into the estimates currently, however it is incorrect and needs to be adjusted.
289	Chair Miller	Requested that for the work session two revenue impact statements be prepared, one with and one without the \$50,000 limit.
302	Sen. Beyer	What does the last three pages of the revenue impact statement reflect?
307	Yates	The only benefits repealed in that portion of the revenue impact statement are for HB 3349 and that portion of the impact statement relates only to the original measure, (Pages 4-6, Exhibit 1).
		Noted that the revenue impact statement is incorrect and will provide the combination of the first two pages for a net effect, (Page 3, Exhibit 1).
327	Chair Miller	The column titled "tax loss" is a loss to the State not to the individual taxpayer, correct?
333	Yates	Correct.
343		Distributed staff measure summary. (Exhibit 8)
347	Chair Miller	Spoke to the field trip at the Department of Revenue yesterday and thanked the Department.

375 Lizbeth Martin-
Mahar Described the measure, which updates terms for railcar transportation, private railcar companies and communication companies and changes in how the Department of Revenue will centrally assess transportation companies.

Distributed house staff measure summary, revenue and fiscal impact statements.
(Exhibit 10)

423 Jim Manary Presented testimony on measure. (Exhibit 11)

TAPE 089, SIDE B

022 Manary Continued with testimony, (Page 1, Exhibit 11).

075 Manary Continued with testimony, (Page 2, Exhibit 11).

104 Sandy Flicker Spoke in support of the measure.

WORK SESSION ON HB 2125

114 Vice Chair Wilde MOTION: MOVED HB 2125 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

118 VOTE ROLL CALL VOTE: MOTION PASSES 5-0-0

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

Vice Chair Wilde will carry the bill.

PUBLIC HEARING ON HB 2124

128 Lizbeth Martin-
Mahar Described the measure, which corrects an error that was made in the statutes of **not** extending the personal property tax penalty to people who don't file personal property tax at all.

The measure also adds a clause that once a taxpayer files an application and can show a good and sufficient cause for filing late, the county board of property tax appeals can waive the penalty. If the penalty is waived it shall be entered on the roll as an

error correction.

Distributed house staff measure summary, revenue and fiscal impact statements.
(Exhibit 12)

144	Jim Manary	Presented testimony on measure. (Exhibit 13)
194	Vice Chair Wilde	The measure allows for waiving penalties entirely or a 100% penalty is owed, correct.
196	Manary	Yes, under this wording there is no discretion to waive only a portion of the penalty.
201	Chair Miller	What concerns were expressed during debate on the House side, both in Committee and on the floor?
206	Manary	The debate was on the current law structure and touched on two major point: 1. 1997 legislation relating to penalty structure and was 100% too harsh. 2. The House Committee wanted further information from the counties based on more experience prior to changing the process.
229	Chair Miller	Was that true of both the Committee and the House Floor?
231	Manary	Doesn't recall if those were the issues in the House floor debate.
247	Chair Miller	Meeting adjourned at 4:13 p.m.

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Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 7, Yates, Revenue impact statement, 6 pages
2. SB 7, Senate President Adams, (-1) amendment, (DH/ps) 03/16/99, 1 page
3. SB 7, Senate President Adams, (-3) amendment, (DJ/ps) 03/22/99, 5 pages
4. SB 7, Senate President Adams, (-4) amendment, (DJ/ps) 03/22/99, 1 page
5. SB 7, McNamara, Written testimony, 15 pages
6. SB 7, Keltner, Written testimony, 3 pages
7. SB 7, Senator Yih, Written testimony, 1 page
8. SB 7, Yates, Staff measure summary, 1 page
9. SB 7, Senate President Adams, (-2) amendment, (DJ/ps) 03/18/99, 1 page
10. HB 2125, Martin-Mahar, House staff measure summary, revenue and fiscal impact statements, 4 pages
11. HB 2125, Manary, Written testimony, 2 pages
12. HB 2124, Martin-Mahar, House staff measure summary, revenue and fiscal impact statements, 4 pages
13. HB 2124, Manary, Written testimony, 1 page