

SENATE REVENUE COMMITTEE

APRIL 21, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Members Excused: Senator Randy Miller, Chair

Senator Thomas Wilde, Vice Chair

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Invited Testimony: Jim Neeley, Adult and Family Services Division

Chuck Sheketoff, Oregon Center for Public Policy

TAPE 095, SIDE A

003 Sen. Starr Meeting called to order at 3:14 p.m. as a subcommittee for purposes of receiving invited testimony from Mr. Neeley and Mr. Sheketoff.

Convened as full committee at 3:27 p.m.

INFORMATIONAL MEETING

015	Paul Warner	This session there are a number of proposals before the committee that were referenced in the Governor's Tax Review. Chair Miller invited the speakers for the purpose of providing background on the issues.
024	Jim Neeley	Adult and Family Services Division's interest stems from the Welfare to Work program. Reviewed the bar graph and spendable income for a family of three. (Exhibit 4)
044	Neeley	<p>Spoke to two issues faced by welfare to work clients as they enter the job market:</p> <ol style="list-style-type: none">1. Even with the substantial jump in spendable income for families leaving welfare it is difficult to maintain the low-wage jobs at that income level. Any unsuspected expense jeopardizes that job. <p>As hourly wage increases, especially in the child care area, spendable income actually decreases.</p>
062	Neeley	Continued with review of welfare to work and proposed tax adjustments in SB 2, (Page 2, Exhibit 4).
076	Neeley	Continued with review of welfare to work and if tax relief was made a refundable credit, (Page 3, Exhibit 4).
102	Charles Sheketoff	Presented testimony on tax relief for working low-income families. (Exhibit 1)
133	Sheketoff	Presented slide show and state and local taxes in 1995, (Page 6, Exhibit 1).
203	Sheketoff	Continued with slide show and poor families in Oregon subject to income tax, (Page 7, Exhibit 1).
255	Sheketoff	Continued with slide show and 5% refundable Oregon earned income credit (EIC), (Page 14, Exhibit 1).
370	Sheketoff	Continued with slide show and working family credit, (Page 16, Exhibit 1).
425	Sheketoff	Continued with slide show and working family credit without employment related

daycare credit participation, (Page 4, Exhibit 2).

TAPE 096, SIDE A

025	Sheketoff	Reviewed the federal report on tax credits and maintenance-of-effort. (Exhibit 3)
068	Sen. Hartung	Spoke to the bill that Senate Revenue Committee passed out last session; would like to have a similar bill, as it relates to the refundable part of last sessions bill pass out this session.
077	Sen. Beyer	What does the slope look like for refundable, by the dollars?
085	Sheketoff	Referenced working family credit, (Page 15, Exhibit 1).
092	Sen. Beyer	What is the dollar value?
094	Sheketoff	Referred to the bulleted items, (Page 5, Exhibit 2).
		<p>SB 1190 would cost approximately \$18 million to make the EIC refundable and \$24 million for the working family credit. SB 2 would cost approximately \$17 million to make the EIC refundable and \$28 million for the working family credit.</p> <p>The costs are fairly close, but one bill doesn't give the benefits to the lowest income people and the other that gives it to the lowest income people helps the Adult and Family Services Division to meet their maintenance-of-effort requirement.</p>
137	Sen. Beyer	By using the tax credit refundable for child care really targets it at those people who most need it?
139	Sheketoff	Affordability of child care affects people at all income levels.
140	Sen. Beyer	Is the EIC on top of the payment that Temporary Assistance to Needy Families (TANF) recipients get for child care?

151	Neeley	Once they leave TANF for a job, (Page 1, Exhibit 4).
161	Sen. Beyer	The tax credit only applies towards the co-pay?
161	Sheketoff	Concurred.
180	Sen. Beyer	Is there a chart showing monies from different sources?
182	Sheketoff	On a monthly basis nothing is received from the Oregon credits. Last session the Committee did not want to require an advanced EIC.
208	Neeley	Referenced the working family credit as a refund, (Page 3, Exhibit 4).
235	Sen. Starr	At what dollar/hourly amount does someone climb out of poverty?
236	Sheketoff	Distributed 1999 chart of poverty level. (Exhibit 5)
261	Sen. Starr	Meeting adjourned at 4:00 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational, Sheketoff, Written testimony, 16 pages
2. Informational, Sheketoff, Executive Summary, 11 pages
3. Informational, Sheketoff, Tax Credits, 5 pages
4. Informational, Neeley, Presentation, 3 pages

5. Informational, Neeley, Poverty level chart, 1 page