

PUBLIC HEARING: SB 249, SB 505, SB 672, SB 680, SB 694, SB 897, SB 1275; HB 2133

WORK SESSION: SB 2

TAPES 097 A/B

098 A

SENATE REVENUE COMMITTEE

APRIL 22, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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: Representative Bob Jenson, House District 57

Steve Dickenson, Colton School District

Susan Browning, Department of Revenue

Paul Phillips, NIKE, Inc.

Matt Evans, Oregon Tax Research

Dale MacHaffie, ESCO Corporation

Dennis Peterson, NIKE, Inc.

Gary Odegaard, NIKE, Inc.

Arthur Ayre, Oregon Economic Development Department

TAPE 097, SIDE A

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

PUBLIC HEARING ON HB 2133

020 Ed Waters Described HB 2133, which creates a refundable personal and corporate income tax credit based upon a claim of right income adjustment. (Exhibit 1)

027 Rep. Jenson Presented testimony in support of measure and the (-2) amendment. "My testimony references the (-1) amendment, which is in error; I am speaking in support of the (-2) amendment." (Exhibits 2-3)

079 Susan Browning Presented testimony in support of measure. (Exhibit 4)

PUBLIC HEARING ON SB 694

131 Steve Dickenson Spoke in support of the measure.

194 Chair Miller Explained the legislative timelines and process that brought the bill forward today. Informed witness that the sponsor of SB 694 that the concept of this bill is being worked in to HB 2607. That will probably be the vehicle incorporating this idea.

214 Dickenson "I am aware of that, however Rep. Strobeck has indicated that he is not ready to move that bill back before the House Committee, but instead wrapping it into several other bills. My concern is this bill could be lost in the big issue. It was my hope that this bill would proceed on its own."

242 Sen. Hartung "Sen. Nelson is interested in this concept moving forward as the Helix School District is in the same position as your district." Requested that Mr. Dickenson maintain contact with Senators Nelson and Shannon.

PUBLIC HEARING ON SB 1275

271	Paul Phillips	Spoke in support of the measure.
300	Phillips	Continued with testimony in support of measure.
333	Matt Evans	Presented testimony in support of measure. (Exhibit 5)
400	Evans	Continued with testimony in support of measure, (Page 2, Exhibit 5).
450	Evans	Continued with testimony in support of measure, (Page 2, Exhibit 5).

TAPE 098, SIDE A

030	Evans	Continued with testimony in support of measure, (Page 3, Exhibit 5).
080	Dennis Peterson	Presented testimony in support of measure. (Exhibit 6)
109	Peterson	Continued with testimony in support of measure, (Page 2, Exhibit 6).
161	Peterson	Continued with testimony in support of measure, (Page 4, Exhibit 6).
167	Dale MacHaffie	Spoke in support of the measure.
225	MacHaffie	Continued with testimony in support of measure.
260	MacHaffie	Continued with testimony in support of measure.
294	Chair Miller	How many other states have adopted the tax scheme proposed in SB 1275?
287	Peterson	Referenced the map in the handout, (Page 5, Exhibit 6).

307	Gary Odegaard	Currently there are eight states; discussed the criteria used in determining a state's status.
325	Chair Miller	According to the map seven states are contemplating adopting this plan and how is "contemplating" defined, (Page 5, Exhibit 6)?
328	Odegaard	The states on the map that are blue have legislative action pending; Oregon should be included, (Page 5, Exhibit 6).
341	Chair Miller	Referenced Mr. Evans testimony, (Paragraph 2, Page 3, Exhibit 5). Requested Mr. Evans comment more specifically to his disagreement with the Legislative Revenue Office's (LRO) impact statement. (Exhibit 7)
372	Evans	LRO typically does not do dynamic analysis of changes in the tax code and that is the chief concern. Cited results of independent studies done for other states considering the single-weighted sales factor and the increased funds to state coffers.
401	Sen. Beyer	The revenue forecast only includes the adjustment in current known revenues and would not take into consideration new plant expansions or site locations, correct?
408	Evans	Correct, the conclusion is incomplete because it does not take into consideration the gains Oregon would receive because of increased business activity over a period of time.
421	Sen. Beyer	Is it the witnesses sense that firms that are currently in Oregon, if the factor were to change, would expand rapidly?
426	Odegaard	Referenced the Union Bank study; data supports that the property and payrolls going to states that don't penalize the taxpayer for locating and expanding the property and payroll base.

TAPE 097, SIDE B

012	Evans	SB 1275's provisions do not take effect until January 1, 2000. Businesses are filling areas of opportunities rapidly. The bill provides such an opportunity for businesses looking to locate where they are taxed solely on sales made.
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022		Discussion and questions regarding timelines and the potential impact it could have for businesses considering relocation should the measure pass.
055	Sen. Starr	Requested clarification of the effect of the 1989 legislation in Mr. Evans testimony, (Page 2, Exhibit 5).
059	Evans	Provided an expanded historical background on the 1989 legislative decisions and the impact of those decisions.
107	Sen. Starr	With the growth in manufacturing hasn't Oregon begun to shift substantially away from marketing?
110	Odegaard	Oregon has not shifted significantly, relative to the rest of the country.
124	Phillips	Recapped testimony in support of measure, discussed historical data and provided institutional memory, as it relates to business in the State of Oregon.
186	Sen. Beyer	Have the "winners and losers" been identified among existing Oregon companies?
188	Phillips	"I believe Mr. Waters will give a comparison effect on the largest 50 of Oregon taxpayers based on 1996, however cautioned that 1996 is only a one-year snapshot."
202	Ed Waters	Referred Committee to revenue impact statement, (Pages 3-4, Exhibit 7).
223	Arthur Ayre	Spoke to the measure; Oregon Economic Development has taken no position at this time.
277	Ayre	Continued with testimony.
307	Chair Miller	Would this stimulate business activity in the state?
309	Ayre	"It would effect every multi-state company in some manner, either positively or negatively; the question becomes what is the long term impact. It is positive for export based activities."

325 Chair Miller Requested that Mr. Ayre further analyze the measure and return with a report of his findings for the Committee.

339 Sen. Beyer Requested that Mr. Ayre's report identifies by industry or types of industry who might be helped and what that impact might be.

WORK SESSION ON SB 2

414 Chair Miller Measure will be rescheduled for next week.

OPENED PUBLIC HEARING ON SB 249, SB 505, SB 672, SB 680, SB 897

430 No testimony presented.

436 Chair Miller Meeting adjourned at 4:26 p.m.

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Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2133, Waters, House staff measure summary, fiscal impact statement, 2 pages
2. HB 2133, Waters, (-2) amendment, (Dj/ps) 04/20/99, 1 page
3. HB 2133, Rep. Jenson, Written testimony, 1 page
4. HB 2133, Browning, Written testimony, 1 page
5. SB 1275, Evans, Written testimony, 21 pages
6. SB 1275, Peterson, Written testimony, 32 pages
7. SB 1275, Waters, Revenue impact statement, 4 pages