

## SENATE REVENUE COMMITTEE

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MAY 11, 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

Steve Meyer, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Chuck Smith, State Treasurer's Office

### TAPE 110, SIDE A

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

WORK SESSION ON SB 1275

009      Paul Warner              Discussed the (-2) amendment, which would treat all industry the same, and would phase-in a 100% sales apportionment formula over a five-year period. (Exhibit 1)

Discussed the (-2) revenue impact statement; the revenue reduction for the 1999-01 biennium would be \$6 million. (Exhibit 2)

037 Warner Discussed the (-3) amendment, which would retain the distinction between manufacturing and non-manufacturing, but define "manufacturing". (Exhibit 3) The (-3) amendment, (Exhibit 3), would mimic the (-2) amendment, (Exhibit 1), with the five-year phase-in period.

Emphasized that the revenue impacts are based on voluntary identification on the part of corporations on their tax returns. Discussed the (-3) revenue impact statement; the impact in the 1999-01 biennium is a reduction in revenue of \$11 million. (Exhibit 4)

Discussed options for a minimum tax for corporations in Oregon that have no tax liability to the State; these firms have no sales factor yet have a presence in the State.

079 Vice Chair Wilde Spoke in favor of the (-2) amendment. (Exhibit 1)

085 Sen. Beyer The (-2) amendment is probably more politically palatable, considering the objections heard in the May 6 hearing.

093 Sen. Hartung Spoke to the importance of starting the process; supports the (-2) amendment because of the phase-in and the cost. (Exhibit 1)

118 Sen. Beyer Spoke to the importance of the message getting out to the business sector; without promotion of some sort the legislation won't do much good. That is not a Committee issue, but a practical issue.

A reality of the system is the fact that some Oregon businesses that have no sales in the State will not pay corporate income tax.

136 Sen. Starr Spoke to the value in a more rapid implementation than the proposal, however I will support the (-2) amendment. (Exhibit 1)

147 Vice Chair Wilde MOTION: MOVED (-2) AMENDMENT TO SB 1275 BE ADOPTED. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

152 Vice Chair Wilde MOTION: MOVED SB 1275, AS AMENDED, TO THE SENATE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.

156 VOTE ROLL CALL VOTE: MOTION PASSES 5-0-0  
SENATORS VOTING AYE: Beyer, Hartung, Starr, Wilde, Chair Miller  
Sen. Beyer will carry the bill.

165 Sen. Hartung Vote explanation: "I voted aye because I feel this will be communicated properly. Sen. Beyer makes a good point about the poor job that was done communicating with the citizens of the State on school reform. This is different and the word does get out in the private for-profit sector. The industry, that has an interest in it, will find out."

183 Chair Miller Concurred with Sen. Hartung and the statement that the corporations will do their own homework as to whether a state is receptive or not to industry.

#### PUBLIC HEARING ON HB 3428 A-ENG.

206 Steve Meyer Described HB 3428, which deals with the Oregon School Bond Guaranty Act. (Exhibit 5)

220 Chuck Smith Presented testimony in support of measure. (Exhibit 6)

266 Vice Chair Wilde What was missed last time and does it have an impact on those that have already issued bonds?

270 Smith There is no impact on those who have issued bonds. The *very* clear reference to advance refunding statutes was missed; defined advanced refunding.

#### WORK SESSION ON HB 3428 A-ENG.

286 Sen. Beyer MOTION: MOVED HB 3428 A-ENG. TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

290 VOTE ROLL CALL VOTE: MOTION PASSES 4-0-1  
SENATORS VOTING AYE: Beyer, Hartung, Starr, Wilde  
SENATORS EXCUSED: Chair Miller  
Sen. Starr will carry the bill.

#### PUBLIC HEARING ON HB 2052

310 Steve Meyer Described HB 2052, which is a technical correction bill that would make correction to the 1997 Measure 50 legislation affecting K-12 schools. (Exhibit 7)

338 Sen. Beyer The affect of the measure is to encourage school districts not to under recover?

340 Meyer Concurred.

#### WORK SESSION ON HB 2052

348 Sen. Hartung MOTION: MOVED HB 2052 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

356 VOTE ROLL CALL VOTE: MOTION PASSES 4-0-1  
SENATORS VOTING AYE: Beyer, Hartung, Starr, Wilde  
SENATORS EXCUSED: Chair Miller  
Sen. Hartung will carry the bill.

367 Vice Chair Wilde Meeting adjourned at 3:29 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 1275, Waters, (-2) amendments, (DJ/ps) 05/11/99, 2 pages
2. SB 1275, Waters, SB 1275-2 Revenue impact statement, 1 page
3. SB 1275, Waters, (-3) amendments, (DJ/ps) 05/11/99, 3 pages
4. SB 1275, Waters, SB 1275-3 Revenue impact statement, 1 page
5. HB 3428, Meyer, Staff measure summary, House staff measure summary, revenue and fiscal impact statements, 4 pages
6. HB 3428, Smith, Written testimony, 1 page
7. HB 2052, Meyer, Staff measure summary, 1 page