

PUBLIC HEARING & WORK SESSION:

SB 169, HB 2164, SB 1147

TAPES 176A, 177A

HOUSE REVENUE COMMITTEE

MAY 19, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair (Arrived 9:20 a.m.)

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Anitra Rasmussen (Arrived 8:55 a.m.)

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Leslie Lewis

WITNESSES PRESENT: Susan Browning, Dept. of Revenue

Jill Zarnowitz, Oregon Dept. of Fish & Wildlife

Douglas Hall, Portland State University

Tom West, Oregon State University

Tad Reynales, Oregon State University

Gratten Kerans, State System of Higher Education

Jim Craven, Oregon Council of American Electronics Assn.

STAFF PRESENT: Jim Scherzinger, Legislative Revenue Officer

Ed Waters, Economist

Barbara Guardino, Committee Assistant

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PUBLIC HEARING, SB 169

- 009 Vice Chair Beyer Called meeting to order at 8:46 a.m. Opened public hearing on SB 169.
- 014 Susan Browning Refer to written testimony (EXHIBIT A): In support of SB 169, electronic funds transfer and the payment of business taxes. Bill phases in requirement to pay taxes electronically from business bank account to state bank account. Under this bill, only businesses that are required to pay federal taxes electronically must pay state electronically.
Only those businesses that owe more than \$47 million now pay electronically. As of Jan. 1, threshold dropped from \$47 million to \$50,000. State process parallels federal process.
- 037 Browning Refer to testimony page 2: Combined Payroll Taxes Only
Page 3: Corporate Estimate Income and Excise Tax Only
- 050 Rep. Shetterly Asked, as this process becomes more commonplace, will banks be getting into it?
- 054 Browning Two ways to do this:

1) Debit process, where state takes money directly out of taxpayers' accounts, at no cost to taxpayers. Larger companies have already set up this mechanism.

2) Through banks.

- 068 Rep. Strobeck Noted, a bill in General Government where Dept. of Treasury did not want to allow banks to do this.
- 074 Browning Dept. of Revenue has been working with Treasury Department on this matter.
- 088 Rep. Edwards Asked, does State Treasury support this bill?
- 091 Browning Yes, very much. Directed members' attention to testimony, page 4, estimates additional interest state could bring in.

WORK SESSION -- SB 169

- 117 Rep. Shetterly **MOTION TO MOVE SB 169 TO THE FLOOR WITH A DO PASS RECOMMENDATION.**
7 - 0 - 2
- 118 VOTE **IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. CORCORAN, EDWARDS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER**
- MEMBERS EXCUSED: REP. LEWIS, CHAIR BRIAN**
- 138 Vice Chair Beyer **MOTION CARRIED. REP. EDWARDS WILL LEAD DISCUSSION ON THE FLOOR.**

PUBLIC HEARING -- HB 2164

- 140 Ed Waters Referred members to HB 2164: Extends sunset date on existing fish habitat improvement tax credit from Jan. 1, 1998 to Jan. 1, 2003.
Encouraged committee to pass this bill. Last year, Oregon Dept. of Fish & Wildlife exceeded \$100,000 limit of people who wanted to provide fish habitat improvement.
- 146 Jill Zarnowitz Most or all of this money came from timber industry. Fish & Wildlife expects increased interest due to salmon restoration plan.

Questions and discussion

WORK SESSION - HB 2164

- 179 Rep. Corcoran **MOTION TO MOVE HB 2164 TO THE FLOOR WITH A DO PASS RECOMMENDATION.**
7 - 0 - 2
- 181 VOTE **IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. CORCORAN, EDWARDS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; VICE CHAIR BEYER**
- MEMBERS EXCUSED: REP. LEWIS, CHAIR BRIAN**

188 Vice Chair **MOTION CARRIED. REP. CORCORAN WILL LEAD DISCUSSION ON THE**
Beyer **FLOOR.**

PUBLIC HEARING -- SB 1147

- 190 Ed Waters Referred members to SB 1147. Extends sunset date for equipment donation tax credit to colleges and universities from Jan. 1, 1998 to Jan. 1, 2004. It also expands types of educational institutions for which donation may be claimed as a credit. Current law allows this for higher education only. SB 1147 extends this to pre-kindergarten through grade 2.
- 198 Douglas Hall Testified in favor of SB 1147. Teaches a microprocessor class at Portland State University. Number of students is growing, and too few computers. Wrote a proposal to Intel Corporation to donate. Intel donated 25 Pentium machines and networking hardware. Donation was worth \$150,000.
- 223 Tom West Gifts and grants have a significant impact on quality of higher education. This bill is small price for state to pay. Hewlett Packard has donated \$2 million in equipment to Oregon State University in past three years; Telectronics has supported engineering and science programs at 3 higher education institutions. Statewide, higher education has benefited greatly from this legislation. Requested committee extend legislation..
- 269 Tad Reynales NERO (Network for Education Research in Oregon) has been operating since 1992. This has been possible largely due to donations. Ongoing struggle to be current because technology is changing so fast. OSU College of Engineering receives hundreds of thousands of dollars of equipment annually to build new labs and maintain existing labs. Without donations, ability to provide state-of-the-art facilities for higher education would be drastically reduced.
- 319 All Questions and discussion
- 373 Rep. Edwards Asked for explanation of language in bill on page 2, beginning on line 22. Also, asked why was sunset put in.
- 408 Rep. Strobeck Beginning 1995 session, legislature began to sunset laws after five years so that, under new term limits, there might be someone who remembers it.
- 444 Rep. Strobeck Asked whether higher education is concerned that expanding law to pre-K through 12 will siphon off some of higher education's donations.
- 456 West Some effect, but higher education is only as good as its incoming students.

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- 039 Hall Concurred with Mr. West about the importance of donations to pre-K through 12. Concurred that the quality of incoming college students has been a big problem.
- 046 Rep. Shetterly Asked, how this credit for charitable contribution relates to standard deduction for charitable contributions.
- 058 Gratten Noted, donations the higher education schools receive are primarily new, and bill provides for a tax credit no greater than fair market value. Also, size and scope of donations ranges across entire industrial specter.

- Kerans Urged committee to support SB 1147.
- 080 Rep. Shetterly Pointed out, page 2 line 9 of bill indicates credit is in lieu of deductions.
 Referred to bill, Page 1, Line 16: In order to qualify for credit, donated equipment must be charitable contribution of tangible property that has as its *original* use by the recipient for, education of students in the state. This means basically new equipment. That combined with fair market value clause means institutions get new equipment under fair market value, often with maintenance contract.
- 086 Jim Craven Page 2, line 19: Counsel's rewrite of five-year carry forward provision that is current law.
 Expressed support for bill. Parallel bills in the House and Senate.
 Explained STRUT (Students Recycling Used Technology) Program: Started at Northwest ESD recently went statewide to pick up used computers, have high school students refurbish them and turn them over to schools for use. Goal this year is to collect 10,000 pieces of computer equipment. No tax credit for this program.
- 128 Craven
- 137 All Questions and discussion concerning STRUT Program, which is not related to bill.

WORK SESSION -- SB 1147

- 203 Rep. Strobeck **MOTION TO MOVE SB 1147 TO THE FLOOR WITH A DO PASS RECOMMENDATION.**
8 - 0 - 1
- 216 **VOTE** **IN A ROLL CALL VOTE, MEMBERS VOTING AYE: REPS. CORCORAN, EDWARDS, LEWIS, RASMUSSEN, SHETTERLY, SIMMONS, STROBECK; CHAIR BRIAN**
- MEMBERS EXCUSED: VICE CHAIR BEYER**
- 221 Chair Brian **MOTION CARRIED. REP. STROBECK WILL LEAD DISCUSSION ON THE FLOOR.**
- 225 Chair Brian Adjourned meeting at 9:28 a.m.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

- A. SB 169, Browning, SB 169 A-Engrossed House Revenue Committee: Testimony by Susan Browning Department of Revenue, May 19, 1997, 3 pp.
- B. SB 169, Waters, Revenue Impact of Proposed Legislation, 1 p.
- C. SB 169, Waters, Fiscal Analysis of Proposed Legislation, 1 p.
- G. SB 169, Waters, Staff Measure Summary, 1 p.
- E. HB 2164, Waters, Fish Habitat Improvement, 1 p.
- K. HB 2164, Waters, Revenue Impact of Proposed Legislation, 1 p.
- G. HB 2164, Waters, No Fiscal Impact statement, 1 p.
- H. HB 2164, Waters, Staff Measure Summary, 1 p.
- I. SB 1147, Waters, Revenue Impact of Proposed Legislation, 1 p.
- J. SB 1147, Waters, Staff Measure Summary, 1 p.
- K. SB 1147, Waters, No Fiscal Impact statement, 1 p.