

PUBLIC HEARINGS AND WORK
SESSIONS ON SB 114 AND SB 164
TAPE 032 A

SENATE REVENUE COMMITTEE

FEBRUARY 5, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Tom Hartung

Sen. Randy Leonard

Testimony: Dave Kim, Board of Tax Examiners

Brian Teller, Board of Tax Examiners

Joyce Thorbeck, Board of Tax Examiners

Susan Browning, Division Administrator, Department of Revenue

Jim Bucholz, Policy & Analysis Staff, Department of Revenue

Staff: James Scherzinger, Legislative Revenue Officer

Ed Waters, Economist

Carol Phillips, Committee Assistant

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TAPE 032, SIDE A

005 Chair Baker Opened meeting at 9:10 a.m.

OPENED PUBLIC HEARING ON SB 114

(Exhibits C and D). SB 114 separates the Board of Tax Examiners from the Office of the Secretary of State and returns it to the Executive framework making the Board subject to the rules and policies of the Department of Administrative Services. The Tax Board is a licensing agency which regulates tax professionals. Originally the Board was an Executive Department agency. In 1987 the Department of Commerce where the Agency was then housed was dismantled. The Tax Board and the Board of Accountancy was placed in the Office of the Secretary of State. This has created unintended consequences because the Board is subject to the authority of the Governor, but administrative responsibility is assigned to the Secretary of State. SB 114 would bring the Tax Board into conformity with organizational structure and administrative policies which currently apply to all other professional licensing boards in Oregon. SB 114 has the support of the Governor's office and of the Secretary of State. Questions and discussion.

016 Dave Kim
062 Sen. Bryant Drafting a bill for several licensing boards which would make them semi-private. Trying to create an atmosphere for them to run their individual agencies so they do not have to come to the legislature for every office expenditure they have.

CLOSED PUBLIC HEARING ON SB 114

OPENED WORK SESSION ON SB 114

091 Sen. Hartung MOVES SB 114 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

ROLL CALL VOTE: MOTION PASSES 5 - 0.

094 Chair Baker SENATORS VOTING AYE: DUKES, HARTUNG, LEONARD, BRYANT, BAKER.

Senator Leonard will carry the bill to the Senate Floor.

CLOSED WORK SESSION ON SB 114

OPENED PUBLIC HEARING ON SB 164

(Exhibit G) SB 164 incorporates several different concepts that are stand-alone in nature., but they have a common theme in that they will help the Department of

113 Susan Browning Revenue administer tax programs better. Section 1 - Base year for calculation of 2% kicker. Calculating and issuing kicker checks is very time consuming for the Department because it slows down operations. Because of the complexity of calculating them, the computer can process only 2,500 per hour from the 1.2 million checks issued last year. Anything which can be done to speed up the process would be appreciated. Only about 400 fiscal year filers, primarily estates and trusts, would be covered under the proposed changes.

170 Jim Bucholz (Exhibit H) Discussed 1995-97 Kicker Timeline and difference between fiscal year and calendar year tax filers. Change they are requesting is to change language to use 1996 tax year the same for everyone, so the 400 fiscal year filers do not have to be processed manually.

262 Browning Discussed Section 2 - Adoption of Federal Standard Deduction for Certain Individuals; Section 4 - Safe Harbor Leases ORS 317.349; Section 5 - Pollution Control Tax Credit ORS 315.304; and Sections 6 through 54 - Repeal of Inheritance Provisions ORS Chapter 118 and Repeal of Gift Tax Provisions ORS Chapter 119. Questions and discussion. Most of these Sections correct mistakes or remove out-of-date information. (Exhibit I)

324 Vice Chair Bryant Asked Legislative Revenue Staff member, Ed Waters, if there is any fiscal impact on SB 164. Waters answered there is a small revenue impact affecting those who currently fall between 500 and 650 gap, which is a loss of about \$10,000 in 1997-99 biennium. There would be no fiscal nor revenue impact to Department of Revenue.

CLOSED PUBLIC HEARING ON SB 164

OPENED WORK SESSION ON SB 164

354 Sen. Bryant MOVES SB 164 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.

ROLL CALL VOTE.: MOTION PASSES

358 Chair Baker SENATORS VOTING AYE: HARTUNG, BRYANT, BAKER
SENATORS VOTING NAY: DUKES, LEONARD

Chair Baker will carry the bill to the Senate Floor.

368 Chair Baker Adjourned meeting at 9:35 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. SB 114, Waters, Fiscal Impact Statement, 1 page
- B. SB 114, Waters, Revenue Impact Statement, 1 page
- C. SB 114, Kim, Need Help Preparing Your Taxes?, 2 pages
- D. SB 114, Kim, Fact Sheet, 1 page
- E. SB 164, Waters, Fiscal Impact Statement, 1 page
- F. SB 164, Waters, Revenue Impact Statement, 1 page
- G. SB 164, Browning, Senate Bill 164 Summary, 2 pages
- H. SB 164, Buchholz, 1995-97 Kicker Timeline, 1 page
- I. SB 164, Browning, Written testimony, 2 pages