

WORK SESSION ON SB 60 TAPES 112 - 113 A/B

SENATE REVENUE COMMITTEE

APRIL 15, 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 (arrived at 9:21 a.m.)

Sen. Verne Duncan

Sen. Tom Hartung (arrived at 9:19 a.m.)

Sen. Randy Leonard (left meeting 9:40 a.m.)

Witnesses: Sen. Lenn Hannon, District 26

Staff: Ed Waters, Economist

Carol Phillips, Committee Assistant

-

TAPE 112, SIDE A

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

OPENED WORK SESSION ON SB 60

012	Exhibit A - (-2) Amendments to SB 60. This Amendment incorporates the language
Ed	which was determined the last time this bill was discussed wherein the two charitable
	entities receiving the smallest contributions for the preceding tax year would be dropped

Waters off list notwithstanding the current language regarding the \$50,000 minimum contribution. All entities would get a two-year start-up period in which the \$50,000 minimum would not apply.

023 Chair Baker Reiterated that if an entity came onto list for the first time they would have essentially a two-year grace period, then after that they would be subject to the "sudden death" provision.

026 Waters The (-2) Amendments also includes suggestion from Department of Revenue not to eliminate contributions eligible to those who receive refunds but also those with an overpayment of tax less than the \$5.00 cutoff, under which the Department of Revenue does not supply a refund. This Amendment leaves language regarding maximum length of time entity can be on tax form. That blank has not been filled in as to number of years an entity would be allowed to stay on tax form as yet.

052 Chair Baker The (-1) Amendments to SB 60 have not been adopted yet. Asked if the language on page 4 lines 13 through 19 be eliminated. Questions and discussion interspersed.

073 Chair Baker MOVES (-2) AMENDMENTS TO SB 60 BE ADOPTED.
HEARING NO OBJECTION, THE CHAIR SO ORDERED.

085 Waters Exhibit B - (-3) Amendments to SB 60. These are Amendments to the original bill. The (-3) includes language from (-1) plus additional language. This language appears on page 1 where it specifies that contributions are not limited to refunds or overpayment of tax, but a taxpayer may designate contributions in whatever amount go to charities specified. The (-3) includes language at top of page 3 regarding increasing the space available on the form so ten entities can be listed. Also includes language on maximum duration of time an entity can appear on the form on page 4 lines 16 and 17. Consensus of committee to eliminate this language wherever it appears in the (-3) Amendments because of the language suggested by Sen. Bryant.

124 Waters One other main change in (-3) Amendments is regarding removal of statutory authority for the three programs which currently have that authority: Alzheimers Research, Nongame Wildlife, Children's Trust Fund. All on list would be subject to attaining \$50,000 minimum contributions or being dropped from list. Page 11 includes language calling for removal of checkoff boxes and allows for blanks to be filled in. Contribution would not be limited to overpayment of tax or refund but could also include additional payments the taxpayer wished to make. Questions and discussion.

152 Sen. Duncan Has question regarding two of the entities on the form by statute: Nongame and Children's Trust Fund. Wants to be sure that, even though dropped from statutory inclusion on list, they will stay on list anyway. Questions and discussion interspersed.

Pointed out that Nongame Wildlife, Children's Trust Fund, and Alzheimers Research

- 168 Chair Baker receive strong contributions from public every year and are in no danger of being dropped from the list. Suggested language stating rotation does not start for two years. Questions and discussion interspersed.
- 225 Sen. Lenn Hannon He is one of two legislators appointed to serve on Charitable Contribution Commission. Suggests not opening the form up too much to list twice as many groups as are on form now. Each time another group is added to the list it reduces funds to the remaining groups. Suggested putting groups on and rotating them because some were not intended to be permanent sources of funding. Suggests putting groups on and rotate them from five, not ten. Try to design equity so no one is treated more favorably than others.
- 281 Chair Baker Stated that one idea the Committee discussed earlier was to place groups on the list for five years, rotate them off for two, and then place them back on the list if necessary. This was superseded by Sen. Bryant's suggestion of dropping the bottom two groups to allow at least two new groups a year.
- 306 Sen. Dukes Asked Sen. Hannon if the Commission has given any thought to notion of picking areas of concern. Sen. Dukes is particularly concerned with child abuse prevention and sexual and domestic violence.
- 324 Sen. Hannon Answered that part of the dilemma the Charitable Commission has been caught up in is everything is status quo; there has been no movement. There are currently only five groups on the list, three of which are there by statute. Unfortunately, there is only so much room on tax form.
- 361 Sen. Hartung Based on testimony this Committee has heard, it seems that there may be more effort put forth by those listed on form to raise funds. Would be in favor of keeping list at ten if the Department of Revenue can handle it. If they cannot, eight would be okay with him.
- 416 Sen. Leonard Asked if language indexed to inflation should be added to (-3) Amendments page 9 Section 12 regarding the \$50,000 minimum beginning 7/1/98.
- 435 Chair Baker Said that would be considered.

TAPE 113, SIDE A

- 016 Susan Browning Exhibit C - Optional Designations of Funds by Taxpayer (Iowa). Looked into expanding option to taxpayers who have tax to pay, not just those receiving refunds. Exhibit C shows what Iowa does in this situation. 75% of taxpayers receive a refund, versus 25% paying tax. Questions and discussion interspersed.
- 032 Browning Had concerns about making the Department of Revenue be in a position of having to decide who is paid first if a taxpayer owes \$1,000 tax, attaches a check for \$1,000, but also indicates they want \$100 to go to Charity X. Questions and discussion interspersed.

- 070 Chair Baker Asked Waters to have (-3) Amendments revised for 4/18/97 with (-2) Amendments incorporated into it.
- 078 Sen. Dukes If what the Committee is trying to do is give more access to more groups and do that over a longer period of time, she prefers Sen. Bryant's proposal of dropping two lowest earning groups off form each year, even if they receive \$80,000, but were still the two lowest earning groups.
- 086 Sen. Bryant There has to be some kind of mechanism to rotate names off to allow others to be on, even if they reach the \$50,000 required in two-year period. There are currently twelve groups on the waiting list just for a chance to be on the form. If we are going to allow other groups an opportunity, there has to be a way to rotate groups off after they have had their chance.
- 092 Chair Baker Asked if \$50,000 floor should remain. If rotation was in place, there would be no need for a \$50,000 minimum.
- 098 Sen. Dukes Does not mind leaving \$50,000 minimum requirement.
- 108 Sen. Bryant As discussed before, there would be no rotation for the first two years. Questions and discussion interspersed.
- 136 Sen. Hartung Had a question regarding order of names on list.
- 143 Chair Baker Said the names would be rotated in some manner so the order was changed every year.
- 145 Sen. Duncan Asked if this Committee was bypassing the Charitable Checkoff Commission and if the Checkoff Commission should be discussing this whole matter and taking it off the hands of the legislature. Seems like the Revenue Committee is micromanaging work that should be Checkoff Commission's.
- 153 Chair Baker If the Revenue Committee expands the checkoff list to ten and then turns the matter over to the Checkoff Commission, the Commission can make selections from there on.
- 156 Chair Baker Asked Waters to have Legislative Counsel work on Amendments for discussion Friday. When the Amendments are available from Legislative Counsel, have them available before meeting so interested parties can examine them. Would like to pass SB 60 out on 4/18/97.

CLOSED WORK SESSION ON SB 60

- 169 Chair Baker Talked about upcoming weeks' schedules. Has resisted moving starting time to 8:30 a.m., but may have to do that if schedule dictates. Questions and discussion.
- 184 Sen. Hartung Regarding local option language in Measure 47 rewrite, is it too early to start developing statutory language now or wait until after Measure 50?
- 191 Chair Baker Suggested waiting until results of Measure 50 are in. Wanted to get to the equalization questions first before addressing other aspects. Feels it will be responsibility of 1999 session to "close the door" on "dis-equity" which has been occurring for years. That will also be subject to what is happening with the economy at that time. Questions and discussion interspersed.
- 215 Chair Baker Adjourned meeting at 9:52 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

-

Exhibit Summary:

A. SB 60, Waters, (-2) Amendments, (DJ/ps) 4/14/97, 2 pages

B. SB 60, Waters, (-3) Amendments, (DJ/ps) 4/15/97, 16 pages

C. SB 60, Browning, Optional Designations of Funds by Taxpayers, 2 pages