

PUBLIC HEARING AND

WORK SESSION ON SB 169 TAPES 128 A

SENATE REVENUE COMMITTEE

APRIL 28, 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. Verne Duncan

Sen. Tom Hartung

Members Excused: Sen. Randy Leonard

Witnesses: Susan Browning, Department of Revenue

Staff: Ed Waters, Economist

Carol Phillips, Committee Assistant

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TAPE 128, SIDE A

005 Chair Baker Opened meeting at 9:13 a.m.

OPENED PUBLIC HEARING ON SB 169

008 Ed Waters SB 169 requires electronic funds transfer for payers of large amounts of withholding taxes. Exhibit A - (-1) Amendments from Department of Revenue. These Amendments move the time line forward by three years.

020 Susan Browning SB 169 sets through a phase-in proposal mandatory electronic funds transfer for the combined payroll program and for corporate estimated income taxes. Based on previous discussion there was some interest from Committee in tying time lines and requirements more closely to federal guidelines. (-1) Amendments does that. Exhibit B - Hand engrossed bill with (-1) Amendments included. It changes the \$500,000 requirement to \$200,000 for employer's annual total amount of combined quarterly tax and assessment payments and then drops from \$200,000 to \$50,000. Also, the Department of Revenue can accept electronically filed payments voluntarily so that if an employer is not large enough to be required to file electronically, the Department of Revenue can still accept the electronically filed payment.

053 Browning Electronically transmitted corporate tax submission has been speeded up by two years from 2001 to 1999 because it would be more efficient for the Department to work on combined payroll first and then move into the corporate estimated taxes. The smaller groups under \$50,000 will be tied in with whenever they will be required to file electronically by federal government.

063 Browning Exhibit C - Federal tax deposit rules. There are rumors that the IRS may be lagging a bit, so the 7/1/97 requirement date for \$50,000 may be flexible. Page 3 is a summary of the cost and interest earnings from (-1) Amendments relating to the General Fund. Page 4 indicates number of employers and amount of payroll taxes they provide. There are approximately 27,000 employers large enough to file electronically. All other employers total about 73,000. Page 5 indicates same information for corporate estimated income and excise tax only. Questions and discussion interspersed

275 Sen. Duncan Asked how many total businesses are there in Oregon.

276 Browning Answered that there are approximately 100,000 businesses that pay payroll taxes. There are obviously many companies too small to pay payroll taxes, but 100,000 is a good starting figure.

300 Browning A pilot program with volunteer employers has been started this biennium to see what some of the issues are in getting employers to comply with the upcoming requirement to file electronically.

CLOSED PUBLIC HEARING ON SB 169

OPENED WORK SESSION ON SB 169

316 Chair
Baker

MOVES (-1) AMENDMENTS TO SB 169 BE ADOPTED.

THERE BEING NO OBJECTION, THE CHAIR SO ORDERED.

MOVES SB 169 AS AMENDED TO THE SENATE FLOOR WITH DO PASS
RECOMMENDATION.

321 Chair
Baker

ROLL CALL VOTE: MOTION PASSES: 5 - 0 - 1

SENATORS VOTING AYE: DUKES, DUNCAN, HARTUNG, BRYANT, BAKER.

SENATORS EXCUSED: LEONARD

Sen. Hartung will carry the bill on the Senate Floor.

338 Chair
Baker

Adjourned meeting at 9:36 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 169, Waters, (-1) Amendments, (DJ/ps) 3/21/97, 2 pages

B. SB 169, Browning, Hand engrossed bill, 2 pages

C. SB 169, Browning, Federal tax deposit rules, 5 pages