

PUBLIC HEARING AND

WORK SESSION ON SB 388 TAPE 154 A

SENATE REVENUE COMMITTEE

MAY 19, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Members Excused: Sen. Joan Dukes

Witnesses: Chuck Sheketoff, Oregon Law Center

Bobbie Weber, Oregon Community College Association

Susan Browning, Department of Revenue

Debra Buchanan, Department of Revenue

Staff: Ed Waters, Economist

Carol Phillips, Committee Assistant

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TAPE 154, SIDE A

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

014 Ed
Waters Exhibit A - Revenue Impact Statement. SB 1143 has been changed into SB 388 to allow the beginning date of the program to move up from 1999 to 1997, at a cost of \$100 million for the 1997-99 biennium.

OPENED PUBLIC HEARING ON SB 388

035 Chuck
Sheketoff Has gone on record with President of the Senate and other Leadership opposing moving SB 1143 credits into an earlier tax year for several reasons. The \$154 million extra money in the May Revenue Forecast compared with the March Forecast could be used to fill some major needs. The biggest need that has not been addressed by either the Governor or Leadership is the welfare reform cost to immigrants.

047 Sheketoff Said about \$60 million in benefits have been withdrawn from Oregon by the federal government. Approximately 11,700 legal immigrants would lose food stamp benefits of around \$23 million, and about 4,000 seniors and disabled will lose supplemental security income ("SSI"). The Leadership budget addresses the 400 of those who will be in long-term community-based care at \$1.9 million. Approximately 3,300 SSI recipients will lose \$490 a month in benefits totaling about \$40 million. That means these people will be homeless and will not have food stamps.

075 Sheketoff Oregon could replace those funds from the General Fund or could choose to provide General Assistance, which is a \$290 monthly payment but would still have a major impact and be disruptive for communities. The federal government shifted cost in welfare reform; this was a budget balancing issue to the cost of \$55 billion nationwide. Additionally, the Governor's Budget cuts \$4.6 million from the 4,000 welfare families who currently get a child support pass-through. Because it is now not required now to pass that money on to welfare families, the Governor's Budget takes that \$4.6 million away from families and uses it elsewhere.

108 Sheketoff Exhibit B - (-4) Amendments. Stated wording on page 1 line 16 should be changed from "federal taxable income" to "adjusted gross income". Exhibit C - (-3) Stated wording on page 2 line 4 should be changed from "Federal Taxable Income" to "Adjusted Gross Income". (-4) Amendments page 1 line 19 should change the "and" to "or". Regarding (-4) Amendments page 2 lines 5 through 7 pointed out that under normal tax law a married person cannot file a separate tax return unless the spouse has been absent for the last six months of the tax year.

157 Sen.
Hartung Asked if there was a possibility that the federal law was going to be changed regarding the legal immigrant issue.

Responded that President Clinton announced a vague budget agreement but then left the country. The Senate has shown interest in extending the cut-off from August 22 until

159 Sheketoff the end of September or October to give states more time to study issue. Governor Pete Wilson of California, who pushed for welfare reform, is actually one of the leaders in pushing to fix this problem.

207 Bobbie Weber Has a minor adjustment to recommend regarding the (-4) Amendments, page 1 lines 3 through 5, definition of child care. Believes inadvertently a group to which the tax credit was intended has been left out, i.e. single working mothers who work and go to school. Suggested inserting in line 4 "or attending school" after the words "gainfully employed".

255 Susan Browning Stated the intent of the (-4) Amendments is to clarify and simplify some of the provisions in SB1143. Exhibit D - Refundable Child Care Credit Draft Form. Feels it is confusing to have two child care credits, so the Department of Revenue proposes calling this one Working Family Child Care Credit to distinguish between this credit and the current Child Independent Care Credit. Pointed out the Department of Revenue tried very hard to work with Mr. Sheketoff and Ms. Weber to use existing Child Care Independent Credit just to simplify the process. They found it does not work because it includes dependents other than children. It is also not tied to family size. Current Child Independent Care Credit is simply a dollar amount. Feel it makes sense to have an additional credit to the current Child Independent Care Credit so they are easily identifiable.

324 Browning Pointed out these changes would be needed for SB 1143 as well and will propose them to the House Revenue Committee for their deliberation at the proper time.

CLOSED PUBLIC HEARING ON SB 388

OPENED WORK SESSION ON SB 388

333 Waters Summarized that the (-3) Amendments is SB 1143 with the implementation date moved to the 1997-99 biennium.

347 Chair Baker Summarized that the (-4) Amendments are technical amendments from Department of Revenue.

360 Chair Baker Adjourned meeting at 9:32 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 388, Waters, Revenue Impact Statement, 1 page

B. SB 388, Waters, (-3) Amendments, (DJ/ps) 5/19/97, 5 pages

C. SB 388, Waters, (-4) Amendments, (DJ/ps) 5/19/97, 2 pages

D. SB 388, Browning, Refundable Child Care Credit Draft Form, 2 pages