

SENATE COMMITTEE ON RULES AND ELECTIONS

June 30, 1997 Hearing Room 343

1:30 PM Tapes 125 - 126

MEMBERS PRESENT:

Sen. Randy Miller, Chair

Sen. Gene Derfler, Vice-Chair

Sen. Neil Bryant

Sen. Randy Leonard

Sen. Cliff Trow

MEMBER EXCUSED:

STAFF PRESENT:

Jan Nordlund, Administrator

Jim Scherzinger, Legislative Revenue Officer

Jennifer Peck, Administrative Support

MEASURE/ISSUES HEARD:

HB 2062 Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
TAPE 125, A		
002	Chair Miller	Opens meeting at 3:20 p.m. and opens public hearing on HB 2062.
<u>HB 2062 PUBLIC HEARING</u>		
		Department of Revenue submits testimony and data (EXHIBIT A).
012	Jim Scherzinger	Legislative Revenue Officer. Explains the effects of HB 2062 and discusses the revenue impact.
045	Sen. Trow	Asks what the impact will be to Oregon.

050	Scherzinger	Continues explanation of HB 2062.
085	Jerry Carlson	Associated Oregon Industries. Supports HB 2062. Explains how the current language changes came about. Comments on previous legislative action on this issue, HB 3050.
149	David Canary	Attorney, Former Assistant Attorney General for the Department of Revenue. Presents testimony in support of HB 2062 (EXHIBIT B). Comments on the double taxation of income. Comments on litigation on industrial intangibles.
200	Canary	Comments on the fiscal impact and how companies will be assessed.
215	Sen. Trow	Asks for an estimation of the cost of intangibles.
220	Canary	States it will probably remain about the same.
230	Sen. Trow	Comments on franchises and licenses.
235		Discussion of all the inclusions which will be considered.
241	Canary	States the Department of Revenue has estimated costs and values associated with intangibles.
274	Carol Samuels	League of Oregon Cities. Presents and reads testimony in opposition to HB 2062 (EXHIBIT C). Comments on methodology and states intangibles are open ended.
340	Samuels	Continues to read the testimony. States that the letters of good intention from the Department of Revenue are not binding. States taxation of intangibles is acceptable.
390	Samuels	States HB 2062 solves only one inequity in a vacuum.
441	Bob Cantine	Association of Oregon Counties. Opposes HB 2062.
TAPE 126, A		
001	Cantine	Comments on tax exemptions.
014	Sen. Bryant	Asks if Samuels asked to join the workgroup.
016	Samuels	States she was not with AOL at the time and does not believe any of the members were asked to be part of the workgroup.
017	Cantine	States there was a choice not to be involved in the study, thinking it did not relate to policy.
024	Sen. Bryant	Asks about taxes on intangibles.
029	Samuels	Explains which company intangibles are not taxed.
035	Sen. Bryant	Asks if the tax shift would go to property owners.
040	Samuels	States the higher rate would be shifted onto home owners.
043		Discussion of the assessed values setting permanent rates.
054	Cantine	Comments on the rate decreasing which leads to fewer tax dollars.
061	Sen. Derfler	Asks about a reduction in tax dollars.
065	Cantine	Discusses the tax dollars.
074		Discussion of growth rate as it concerns compression.

086	Scherzinger	Explains assessed value.
096	Roger Martin	Alaska Airlines and the Air Transportation Organization. Supports HB 2062. Comments on taxation of intangibles in other states. Discusses the issue as it relates to corporations who would consider coming to Oregon.
150	Martin	States the Department of Revenue is able to assess the effects of taxation. States that the airlines pay more taxes each year. States taxing intangibles cannot be justified.
203	Sen. Derfler	Asks if there is an offset for the unfairness which occurs.
216	Martin	Comments on the repeal in Washington.
223	Sen. Leonard	Asks about the tax burden of Alaska Airlines as compared to other states.
225	Martin	States they seem to pay higher taxes in Oregon.
240	Sen. Leonard	Asks if passenger tickets are subject to taxes.
242	Martin	States he will look into that issue.
248	Jim Manary	Department of Revenue. Comments on intangibles and how companies would be appraised.
281	Sen. Trow	Asks how the methods would be used within the two-year period.
284	Manary	States the methods would be used for longer than that.
288	Sen. Trow	Asks about licensure and franchises.
289	Manary	Explains by an example of telecommunications companies.
310	Sen. Trow	Asks about methodologies of companies.
319		Discussion of methodologies.
336	Sen. Trow	Asks about figures for the impact.
343	Manary	States he cannot estimate since it would be new for the department.
353	Tom Linhares	Oregon State Association of County Assessors. Presents the -15 amendments and supports the amendments (EXHIBIT D).
398	Sen. Bryant	Asks if the Department of Revenue and cable television companies would agree.
402	Linhares	States they probably would not because their values would go up.
409	Chair Miller	Recesses meeting until 4:45 p.m.
427	Chair Miller	Reconvenes meeting at 4:35 p.m., closes public hearing on HB 2062 and adjourns at 4:36 p.m.

Submitted By, Reviewed By,

Jennifer Peck, Jan Nordlund,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2062, data, Department of Revenue, 9 pp

B - HB 2062, written testimony, David Canary, 7 pp

C - HB 2062, written testimony, Carol Samuels, 7 pp

D - HB 2062, proposed -3 amendments, Tom Linhares, 10 pp
