

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

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PUBLIC HEARING: HB 2992 & SB 673A
WORK SESSIONS: HB 2202A & SB 673A
TAPES 120-123 A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MAY 12, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present:

Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair (excused 1:07-1:55 pm)
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden
Sen. Gene Derfler

Witnesses:

Jim Bucholz, Oregon Department of Revenue
Rep. Dennis Luke, House District 54
Jack Roberts, Oregon Bureau of Labor and Industries
Don O'Brien, Associated General Contractors
Kim Mingo, Associated General Contractors
Jim Hirte, Association of General Contractors & Colamette Construction Co.
Jim Minor, Associated General Contractors & Coral Construction
Jack Hamilton, Associated General Contractors and Hamilton Construction
Sen. John Lim, Senate District #11
Sen. Bill Kennemer, Senate District #12
John Jaqua, Oregon Economic Development Dept.
Sharon Timko, Multnomah County
Frank Kaminski, Multnomah County
Dale Campbell, Associated General Contractors and P&C Construction Company
Ted Aadland, F.E. Ward, Inc. General Contractors
Bob Shiprack, Oregon Building Trades Council
Jerry Justice, Clackamas County
Jack Kalinoski, Oregon citizen
Ray Peterson, Marion Construction Company

Staff:

James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Steve Bender, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 120 SIDE A

005 Chair Phillips -calls the meeting to order at 1:07 pm as a subcommittee
HB 2202A WORK SESSION
016 Steve Bender -presents staff overview of HB 2202A which authorizes filing
of declaratory form in lieu of personal income tax return
-refers to Proposed (-6) Amendments to HB 2202A introduced by Senator
Hartung regarding deferred compensation (Exhibit I distributed on 5/9/95)
-explains the Proposed (-2) Amendments to HB 2202A which would remove
everything in the bill except Section 4
(quorum established)
042 -presents Proposed (-9) Amendments to HB 2202A (Exhibit A) which:
supersede the (-7) Amendments and affects the way the personal "kicker"
will be paid to taxpayers
-notes that the Proposed (-5) Amendments repeal the corporate "kicker",
explains fiscal impact projection "Personal Income Tax Implementation
Timeline" (Exhibit B) and states that there is no revenue impact
90 -questions and discussion
117 Jim Bucholz -Oregon Department of Revenue
-comments on the fiscal impact for corporations, and that all corporate
returns would have to be processed manually since the Dept. of Revenue does

not have a data base for this purpose

133 -questions and discussion about policy on deminimus checks, when a
kicker was last returned, and impact on general fund revenues in this and
the next biennium

202 Chair Phillips -MOVES PROPOSED (-2) AMENDMENTS TO HB 2202A
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
217 Chair Phillips -MOVES PROPOSED (-6) AMENDMENTS TO HB 2202A
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
234 Chair Phillips -MOVES AMENDMENT OF THE PROPOSED (-9) AMENDMENTS TO
INCLUDE "DEMINIMUS CHECK" LANGUAGE OF \$5
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
242 Sen. Walden -MOVES CORPORATE KICKER INCLUDED IN ADDITION TO PERSONAL
KICKER IN THE PROPOSED (-9) AMENDMENT
247 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
249 Chair Phillips -MOVES THE AMENDED VERSION OF PROPOSED (-9) AMENDMENTS TO
HB 2202A
250 Sen. Trow -states no objections to the amendments but intent to vote
against the bill because "I do think that considering the fiscal situation
of this state, that it's a mistake to be sending this money back..."
267 Chair Phillips -calls recess in work session (resumes at Tape 121A.320)

HB 2992 PUBLIC HEARING

285 Chair Phillips -welcomes Sen. Derfler to the committee for hearing of the

bill

287 Rep. Dennis Luke -House District #54
-testifies in support of and explains history of HB 2992 which authorizes
the Employment Division to conduct and certify wage surveys
-suggests inclusion of a fund to pay for the data collection, education,
and enforcement, which would come from contracts by general contractors as
a percentage of the contract
335 -recommends 7/1/96 as an effective date for the act
352 -questions and discussion
405 Jack Roberts -Bureau of Labor and Industries, Commissioner
-distributes and comments on written testimony in support of HB 2992 which
requires Employment Department to make determinations of prevailing wage to

be enforced by Commissioner of Bureau of Labor and Industries (Exhibit G)

TAPE 121 SIDE A

022 -discussion of resources available/needed for enforcement
028 Roberts -continues with explanation of costs
060 -questions and discussion about overlap with other regulatory boards in
area of education
075 Roberts -explains considerations in creation of pilot program
090 -discussion of intent and scope of proposed program, collection of data
by entity other than the Bureau of Labor and Industry, data collection

consistent with federal level, whether federal data collection option should be considered, and federal lobby for repeal of Prevailing Wage Law

180 Sen Trow -questions methodology and interpretation of survey data

205 Roberts -suggests that weekly certification of payroll be eliminated (Exhibit G, #2)

-discussion of procedure followed when a complaint is filed

234 Roberts -views HB 2992 as a consensus bill between contractors, labor, and public agencies

258 Chair Phillips -states concern about delegation of wage survey specifically to the Employment Department

282 Chair Phillips -states procedure to be followed prior to committee action

on HB 2992

-discussion about any known opposition to HB 2992

-calls recess in HB 2992 (resumes at Tape 120B.175)

HB 2202A WORK SESSION REOPENS

315 Chair Phillips -for the benefit of Sen. Gold, reviews committee progress

on HB 2202A

345 Steve Bender -explains the (-6) amendment to HB 2202A

380 Sen Trow -states position in opposition to measure, even though he did not object to passage of amendments

385 Sen Gold -states position favoring an amendment that kicker be returned in the form of a check

-discussion

TAPE 120 SIDE B

015 Sen Walden -also supports kicker refund by method of check, but "thinks that the cost for sending back those checks .should come from the kicker itself...that way, we don't disrupt the budget process..."

-MOVES CONCEPTUAL AMENDMENT TO HB 2202A THAT COST OF SENDING KICKER REFUND CHECKS FOR BOTH CORPORATE AND PERSONAL WILL BE FINANCED OUT OF THE KICKER MONEY

033 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS

037 Sen Gold -presents conceptual amendment to the Proposed (-5) Amendments to HB 2202A to insert a future date at page 3, Section 6

080 -suggests a conceptual amendment to the Proposed (-4) Amendments to HB 2202A for earned income tax credit

-discussion of fiscal impact

093 Chair Phillips -states current position in opposition to funding the earned income tax credit

101 Sen Trow -states reasons for position in favor of repeal of both kickers and to keep the money for current budgetary needs such as application to unfunded liabilities and prisons

121 Sen Trow MOVES CONCEPTUAL AMENDMENTS TO REPEAL CORPORATE AND PERSONAL KICKERS AND TO APPLY KICKER TOWARD CURRENT BIENNIUM BUDGETARY NEEDS

138 Chair Phillips -NOTES FOR THE RECORD: SENATORS VOTING NAY: WALDEN, PHILLIPS & HARTUNG

AYE: GOLD & TROW

140 Sen. Gold -MOVES CONCEPTUAL AMENDMENT TO FUND THE EARNED INCOME TAX CREDITS

142 Chair Phillips -NOTES FOR THE RECORD: SENATORS VOTING NAY: WALDEN, PHILLIPS & HARTUNG

AYE: GOLD & TROW

162 Chair Phillips -MOVES HB 2202A AS AMENDED BY (-2), (-6), (-9 WITH CORPORATE, PERSONAL & DEMINIMUS LANGUAGE) AND CONCEPTUAL, TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

-ROLL CALL VOTE: MOTION PASSES 3-2

SENATORS VOTING AYE: HARTUNG, WALDEN & PHILLIPS

NAY: TROW AND GOLD

Chair Phillips -will carry measure on the Senate floor (Senators Trow and Gold serve notice of a possible minority report)

HB 2992 PUBLIC HEARING CONTINUES

175 Dan O'Brien -Associated General Contractors, and owner of private construction company

-distributes and comments on written testimony in support of Proposed (-4) Amendments to HB 2992 (Exhibit F)

250 Kim Mingo -Associated General Contractors
 -explains Proposed (-4) Amendments section by section (attached as part of Exhibit F)

317 Jack Roberts -comments on issue of enforcement without penalty which serves the purpose of identifying problem areas

349 -questions and discussion

390 Mingo -continues at Sections 4 & 5 of Proposed (-4) Amendments (Exhibit F)

TAPE 121 SIDE B

018 -questions and discussion about wage survey

045 Mingo -continues at Section 9 (Exhibit F)

095 -discussion about lack of penalties, consensus from Coalition Task Force, extent of support, and omission of training portion of amendment because of relating clause

167 Jim Hirte -Association of General Contractors and Colamette Construction Co.
 -distributes and reads written testimony (Exhibit G) in support of Proposed (-4) Amendments to HB 2992

-questions and discussion interspersed

276 Jay Minor -Associated General Contractors and Coral Construction
 -testifies in support of Proposed (-4) Amendments to HB 2992 and in opposition to the measure in its current form

319 Jack Hamilton -Associated General Contractors and Hamilton Construction
 -testifies in support of Proposed (-4) Amendments to HB 2992

345 -questions and discussion

392 Chair Phillips -recesses public hearing (resumes at Tape 123A.182)

TAPE 122 SIDE A

SB 673A PUBLIC HEARING

002 Sen. John Lim -Senate District #11
 -explains SB 673A which authorizes tax exemption and issuance of revenue bonds for eligible projects benefiting key industries on determination of Economic Development Commission

062 -questions and discussion about role of cities and counties

086 Sen Trow -refers to letter from Beverly Stein of Multnomah County (Exhibit M) suggesting support to "change the 4% adjustment of the \$100 million cap to 6%"

-questions and discussion

095 Sen. Bill Kennemer -Senate District #12
 -explains that the 4% adjustment represents a statewide average
 -comments on issues of creating incentive and rationale for compromise percentage of 4%

117 Sen Gold -refers to letter from Sen. Hamby (Exhibit H) in opposition to the 4% property tax assessment cap
 -discussion about review of the statewide average for the purpose of a blended rate, the issue of jobs, quality jobs, and statewide equity

183 Jon Jaqua -Economic Development Department, Deputy Director
 -presents standpoint on the amendment from the Trade and Economic Development Committee

210 -"the overall bill and the amendments are more important" than the debate between percentages

214 -questions and discussion about any known opposition to the measure, value initially suggested by Association of Oregon Counties, whether there had been discussion about counties setting own rates, and effect of cap

260 Mark Huston -Oregon Economic Development, Manager of Business Finance
 -relates policy discussion of the Trade and Economic Development Committee about counties setting their own rates with preference for one "set rate rather than counties negotiating individually and competing against one another"

289 -questions and discussion about availability of documentation which demonstrates success of program, development of comprehensive policy and application process, and prospective tax shift

357 Sharon Timko -Multnomah County, Staff Assistant to Commissioner Beverly Stein
 -introduces Frank Kaminski of Multnomah County

Timko -refers to letter from Beverly Stein, Multnomah County Chair (Exhibit M)

377 Chair Phillips -summarizes testimony and input on SB 673A

SB 673A WORK SESSION

370 -discussion of letter from Senator Hamby (Exhibit H) and effect of removal of incentive

TAPE 123 SIDE A

020 Kaminski -explains lack of data base to "provide for an adjustment that would truly a reflection of the market changes"

034 -points out dollar amounts reflected by percentage variations which impact local jurisdictions

041 Sen Trow -MOVES CONCEPTUAL AMENDMENT TO CHANGE THE CAP ON PROPERTY TAX ASSESSMENT FROM 4% TO 6%

-discussion about impact on growth resulting from change in percentage, whether Tri-County information is available, and staff comment about difficulty in calculation

081 Sen Trow -WITHDRAWS MOTION and states "I do think that 4% is a little low

for the Tri-County area"

091 Sen Gold -states position in opposition the bill in its present form and suggests removing the percentage altogether or coming to a figure that is better than 4%

'I think the bill is an important bill and I don't think we should let it fail on the percentage item"

106 Jaqua -states that 6% will not be a problem and that the committee would

be "doing a disservice" not to pass the bill

115 Sen. Trow -RESTATES MOTION FOR CONCEPTUAL AMENDMENT TO CHANGE THE CAP ON PROPERTY TAX ASSESSMENT FROM 4% TO 6%

119 Chair Phillips -ROLL CALL VOTE: MOTION PASSES 4-1

-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN, & GOLD NAY: PHILLIPS

134 Chair Phillips -MOVES SB 673A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION

144 Sen. Derfler -explains opposition and argument from Sen. Hamby about involvement of cities

165 Chair Phillips -ROLL CALL VOTE MOTION PASSES 4-1

-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN & GOLD NAY: PHILLIPS

Sen. Lim -will carry measure on the Senate floor

HB 2992 PUBLIC HEARING RESUMES

182 Dale Campbell -Associated General Contractors and P & C Construction Co.

-states position that existing Davis-Bacon Law needs to be updated and gives support for Proposed (-4) Amendments to HB 2992

235 -discussion about implementation of and criteria for survey, penalty issue, procedures and enforcement by Contractors Board, research options through OSU and PSU, and consideration of inflation

308 Ted Aadland -F.E. Ward, Inc., General Contractors - President

-testifies in support of Proposed (-4) Amendments and explains work of task

force

330 Bob Shiprack -Oregon Building Trades Council, Executive Director

-distributes background information: Will Prevailing Wage Laws be Repealed?

(Exhibit N)

-describes Prevailing Wage Surveys, State of Oregon (Exhibit O)

TAPE 122 SIDE B

002 Shiprack -testifies in support of HB 2992

030 -describes political conflicts between trade associations and concern that the process "not become politicized"

-prefers independent survey to achieve fairness, trust and honesty

044 -refers to language in the original HB 2992

-suggests that Oregon "partner" with the federal government in surveys

which would lead to consistency between federal and state rates

064 -comments about survey frequency, the issue of fees to raise money in order to conduct surveys, and complexity of surveys

130 Shiprack -presents option of using federal survey data (which has not been done before in Oregon)

-suggests issues to be addressed in the Interim, and complexity/time involved in conducting the surveys

162 -questions and discussion about the Proposed (-4) Amendment, reason for the \$25,000 limit, impact on apprenticeship, issue of penalties, law stipulating disbursement, lack of financial penalties in law, and frequency

of survey,
285 O'Brien -addresses issues of wage information as a requirement of
contractor registration, survey data collection which complies with federal
requirement, and work done by the Coalition in education and training
337 -discussion of the issue of training programs in the construction
industry
372 Sen. Derfler -provides historical perspective about training mandate
TAPE 123 SIDE B
002 -discussion for clarification of page 6, line 26 in subsection C of
Proposed (-4) Amendments
026 Jerry Justice -Clackamas County
-gives perspective of the public agency that "issues the contract and deals
with prevailing wage as the contractee as opposed to the contractor"
-sees move toward accountability and reliability of the prevailing wage
rate and points out areas of concern for committee consideration
063 -states support for proposed amendments
071 Jack Kalinoski -Citizen of Oregon
-presents and reads testimony in support of HB 2992 (Exhibit P)
-questions and discussion interspersed
128 -comments about problems with the Proposed (-4) Amendments: 1."there is
no requirement in the existing prevailing wage law in Oregon that surveys
be made"
2."while I think the effort (on the Proposed (-4) Amendments) is
laudatory...I think the language really lacks a lot of things that need to
be in there"
165 -explains the practice of "job targeting" used by craft labor unions and
suggests that the language should be in a separate measure other than in
prevailing wage legislation
-discussion of inclusion of penalty language
200 Ray Peterson -Marion Construction Company, Co-owner
-states for the record as in support of HB 2992 with Proposed (-4)
Amendments and inclusion of amendment in Section 9
-supports reduction of paperwork provision as well as penalties
233 Chair Phillips -provides direction to staff and summarizes options for
committee consideration at next meeting
243 -adjourns meeting at 4:40 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

A. HB 2202A, Bender, Proposed (-9) Amendments to HB 2202A (BPS/dj/dc) 5/12/95
B. HB 2202A, Bender, Personal Income Tax Implementation Timeline, 5/8/95
C. HB 2992, Bender, Fiscal Analysis of Proposed Legislation, 4/10/95
D. HB 2992, Bender, Staff Measure Summary - Preliminary, House Committee on
Labor
E. HB 2992, O'Brien, testimony from Associated General Contractors, 5/12/95
F. HB 2992, O'Brien, testimony from Associated General Contractors with
Proposed (-4) Amendments to HB 2292 attached (CW/hl) 4/10/95
G. HB 2992, Hirte, testimony from Colamette Construction Co., 5/12/95
H. SB 673A, Hamby, testimony from State Senator Jeannette Hamby
I. SB 673A, Meyer, Fiscal Analysis of Proposed Legislation, 5/1/95
J. SB 673A, Meyer, Revenue Impact of Proposed Legislation, 4/27/95
K. SB 673A, Meyer, Staff Measure Summary - Senate Committee on Trade and
Economic Development
L. HB 2992, Meyer, Revenue Impact Analysis, 2/28/95

M. SB 673A, Stein, testimony from Multnomah County, Oregon, 5/11/95
N. HB 2992, Shiprack, supporting documentation
O. HB 2992, Shiprack, Prevailing Wage Surveys - State of Oregon
P. HB 2992, Kalinoski, testimony as citizen of Oregon, 5/12/95
Q. HB 2992, Roberts, memorandum from Bureau of Labor and Industry
R. HB 2275A, Drake, Proposed (-17) Amendments to HB 2275A (CH/lg) 5/11/95
S. HB 2275A, Drake, School Finance Simulation, Run 95-37, 5/11/95
T. HB 2275A, Drake School Finance Simulation, Run 95-38 Corrected, 5/12/95
U. HB 2202A, Bender, Proposed (-7) Amendments to HB 2202A (BPS/dj/hk) 5/9/95
V. HB 2202A, Bender, Proposed (-9) Amendments to HB 2202A (BPS/dj/hk) 5/12/95