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WORK SESSIONS (RECONSIDERATION): HB S 2140B,
2257A, & 2255A
PUBLIC HEARING: HB 2855B
TAPES 140A/B & 141A

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MAY 26, 1995 - 1:15 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair (excused 3:10-4:55 pm)
Sen. Tom Hartung (excused 3:10 pm)
Sen. Cliff Trow
Sen. Greg Walden (excused 1:55 pm)

Witnesses: Rep. John Schoon, House District #34
John McCulley, Tree Fruit Growers
Rep. Eldon Johnson, House District #51
Barbara Seymour, Legislative Counsel
John Mangen, Oregon Insurers

Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 140 SIDE A
005 Chair Phillips -calls the meeting to order at 1:43 pm
HB 2257A, HB 2255A & HB 2140B RECONSIDERATION
009 Chair Phillips -MOVES RECONSIDERATION OF VOTE WHICH PASSED HB 2257A,
HB 2255A & HB 2140B TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION
-HEARING NO OBJECTION, THE CHAIR SO ORDERS
030 -discusses issues to be addressed in today's agenda
HB 2140B WORK SESSION
060 Steve Meyer -presents staff overview of the Proposed (-16) Amendments to
HB 2140B which resolve conflicts with HB 2260 (Exhibit A)
065 Sen Trow -MOVES THE PROPOSED (-16) AMENDMENTS TO HB 2140B
067 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
068 Sen Trow -MOVES HB 2140B AS AMENDED TO THE SENATE FLOOR WITH A DO PASS
RECOMMENDATION
072 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
Sen Walden -will carry the measure on the Senate floor

HB 2255A WORK SESSION (WITH HB 2257A AT TAPE 140A.231-280)

078 Chair Phillips -MOVES IN CONCEPT AND IN TOTAL, TO INSERT HB 2257A INTO
HB 2255A (both related to taxation)

080 -discussion

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

-notes that this action leaves HB 2257A as a shell of a bill related to
taxation and that HB 2255A now contains all the tax credit issues previously

contained in HB 2257A

100 Rep. John Schoon -House District #34

-distributes Proposed (-42) Amendments to HB 2255A (Exhibit B) which require

the Governor to review tax credits scheduled to sunset and make
recommendations in his budget as to renewal

-states that this amendment is also in SB 251

125 Sen Gold -MOVES PROPOSED (-42) AMENDMENTS TO THE AMENDED VERSION OF
HB 2255A

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

147 Sen Gold -describes proposed conceptual amendment to incorporate SB 719
and states support from the Governor's office

165 Chair Phillips -RESTATES SENATOR GOLD'S CONCEPTUAL AMENDMENT TO
INCORPORATE SB 719 INTO HB 2255A AS AMENDED

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

193 Scherzinger -distributes and explains Proposed (-41) Amendments to
HB 2255A which relate to taxation of benefit increases if HB 3349 becomes
law (Exhibit C)

218 Sen. Trow -MOVES PROPOSED (-41) AMENDMENTS TO HB 2255A

Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS

231 John McCulley -Tree Fruit Growers

-clarifies Proposed (-16) Amendments to HB 2257A regarding farm worker
housing tax credit provisions (Exhibit D)

252 Chair Phillips -MOVES TECHNICAL CORRECTION ON PAGE 2, LINE 16 OF PROPOSED

(-16) AMENDMENTS TO HB 2257A, TO READ: OPERATOR (INSTEAD OF OCCUPIER)

-HEARING NO OBJECTION, THE CHAIR SO ORDERS

268 Chair Phillips -MOVES PROPOSED (-16) AMENDMENTS AS CORRECTED TO HB 2257A
WITH DIRECTION TO STAFF TO INSERT THE AMENDMENT INTO THE CORRECT SECTION OF

THE MEASURE

-HEARING NO OBJECTION, THE CHAIR SO ORDERS

282 Steve Bender -distributes Proposed (-40) Amendments which move HB 2257A
into HB 2255A (Exhibit F) to compile all income tax credits

-distributes Proposed (39) Amendments to HB 2255A which contains changes
previously approved (Exhibit E)

299 Sen Gold -MOVES PROPOSED (-39) AMENDMENTS TO HB 2255A

Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS

315 Chair Phillips -MOVES PROPOSED (-40) AMENDMENTS TO HB 2255A

-HEARING NO OBJECTION, THE CHAIR SO ORDERS

319 Sen Gold -MOVES HB 2255A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS
RECOMMENDATION

326 Sen. Trow -states possible reservations about vote for the measure on the

Senate floor

328 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
(carrier of the bill as previously designated)

HB 2855A PUBLIC HEARING - SUBCOMMITTEE OF SENATORS TROW AND PHILLIPS

335 Scherzinger -refers to graph which illustrates main points of change in
the insurance tax premium system (Exhibit G)

-notes Revenue Impact Statement (see Exhibit H)

-explains impact differences between domestic and foreign insurers

410 -notes that HB 2855A is intended to make Oregon's system meet
constitutional requirements

-describes excise, retaliatory and transitional taxes

TAPE 141 SIDE A

022 Scherzinger -provides further information about HB 2855A

-comments on revenue issues (Exhibit H)

055 Rep. Eldon Johnson -House District #51

-explains involvement in the issue of premium taxes and work with litigants

to achieve settlement

-distributes Proposed (-20) Amendments to HB 2855B (Exhibit J) and hand-engrossed version of HB 2855C

088 Barbara Seymour -Legislative Counsel

-explains Proposed (-20) Amendments to HB 2855B as inserted into the C-Engrossed bill

(RECESS FOR CALL OF THE SENATE: 2:25 - 3:10 PM)

164 Chair Phillips -reopens public hearing on HB 2855B as a subcommittee (brief subcommittee recess at 3:11-3:13 pm)

182 Seymour -resumes explanation of local taxes at page two of the Proposed (-20) Amendments to HB 2855B (Exhibit J)

257 (quorum is established)

278 Seymour -Exhibit J at lines 14-15 on page 3

398 -Exhibit J at Section 24

TAPE 140 SIDE B

004 -discussion of complexity of measure

(RECESS AT 3:28 - 4:19 PM FOR CALL OF THE SENATE)

030 Chair Phillips -reopens public hearing on HB 2855B as a subcommittee

034 Jim Scherzinger -distributes and explains information sheet: Insurance Tax Issues - Summary of HB 2855A (Exhibit I)

054 -describes effect of the Proposed (-20) Amendments to HB 2855B (Exhibit J)

100 -questions and discussion

120 Johnson -in response to question by Sen. Trow, explains rationale for measure to continue "the practices that existed for litigant Liberty Mutual

who has agreed that with passage of this in the form described, they will withdraw their lawsuit...what all this is about is to get those suits behind us"

130 Chair Phillips -states that another interpretation may be that "if you sue the state, you can then use that as a negotiation chip to lower your tax burden"

-discussion about whether any further litigation may be expected and legal validity of agreements not to sue

177 John Mangan -Oregon Insurers (represents Standard Insurance Company and eight other domestic insurers who are intervenors and parties in litigation

against the State of Oregon, and defense of the State of Oregon in the case

brought by Liberty Mutual of Boston and Liberty NW of Portland/Pacific Health and Life)

196 -suggests correction to the Proposed (-20) Amendments to HB 2855B clarifying for the record that "our system (in Oregon) has never been ruled

unconstitutional"

196 -gives opinion about relevance of this legislation and expresses concerns about using the court system to gain legislative solutions

204 -states work by coalition to draft measure and amendments which "are good amendments and will help bring this issue to conclusion with the proper agreements from the foreign companies

225 -discussion of tradeoffs, Attorney General opinion, involvement in "the rush to settlement", uncertainty about liability of the State of Oregon, option of legislature dealing with this issue in a special session in January, and desire by the legislature and administration to move forward in order to reduce the possibility of litigation

278 Mangan -comments on Section 20 of HB 2855B regarding local tax exemption that would preserve the status quo and cautions about subjecting new law to

future litigation

330 -"we really believe this bill should not be passed unless there are signed and written agreements that current and future litigation will be released"

350 Chair Phillips -adjourns public hearing and committee at 4:41 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. HB 2140B, Meyer, Proposed (-16) Amendments to HB 2140B (JB/hr) 5/26/95
- B. HB 2255A, Schoon, Proposed (-42) Amendments to HB 2255A (BPS/dj/hl) 5/26/95
- C. HB 2255A, Bender, Proposed (-41) Amendments to HB 2255A (DH/hr) 5/26/95
- D. HB 2257A, Bender, Proposed (-16) Amendments to HB 2257A (BPS/dj/hk) 5/25/95
- E. HB 2255A, Bender, Proposed (-39) Amendments to HB 2255A (BPS/dj/hk) 5/25/95
- F. HB 2255A, Bender, Proposed (-40) Amendments to HB 2255A (BPS/dj/lg) 5/26/95
- G. HB 2855B, Scherzinger, graph of Insurance Tax Revenues
- H. HB 2855B, Scherzinger, Staff Measure Summary/House Committee on State and School Finance, Revenue Impact and Fiscal Analysis
- I. HB 2855A, Scherzinger, Insurance Tax Issues - Summary of HB 2855A, 5/26/95
- J. HB 2855B, Seamore and Johnson, Proposed (-20) Amendments to HB 2855A (BPS/dc) 5/26/95
- K. HB 2255A40, Bender, Staff Measure Summary and Revenue Impact