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PUBLIC HEARINGS/WORK SESSIONS
HB S 2204A, & 2197
TAPES 052-053, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MARCH 08, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden (excused 1:20 pm)

Excused: Sen. Eugene Timms

Witnesses: Alan C. Bennett, Pioneer Trust Bank & Oregon
Bankers Association Trust Committee
Jim Manary, Oregon Department of Revenue
Karey A. Schoenfeld, Oregon Society of CPAs
Jim Bucholz, Oregon Department of Revenue

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

TAPE 052- SIDE A

005 Chair Phillips -calls the meeting to order at 1:12 pm
HB 2197 PUBLIC HEARING
011 Steve Bender -presents staff comment on Department of Revenue
"administration bill" HB 2197 approved by the House (59-1)
-comments that measure is a "broad, philosophical bill" which deals with
income taxes for probated estates
031 -explains current law and change proposed by this measure
067 Alan C. Bennett -Pioneer Trust Bank & Oregon Bankers Association Trust
Committee
-agrees with concept of trying in some way to remove the requirement that
an Oregon tax release be filed with the court prior to estate closing
084 -expresses concern about being sure of closure on the tax issue at the
time assets are turned over to beneficiaries and personal representative is

discharged

110 Bennett -comments about situations of special audit, requests for release, roles of the Circuit Court and Department of Revenue, decedent returns for open years, and returns filed during probate period
-explains fiduciary goals and responsibilities to beneficiaries
-cites ORS 115004 which provides for a claims procedure where the personal representative notifies all known and prospective claimants and gives them a limited time to file their claim (if any) in the probate
146 -suggests remedy by modification of wording in Section 5 of measure
176 -offers to assist in creating amendment to clarify what is accomplished by not requiring filing of an income tax release in the Circuit Court prior

to closing an estate

181 Jim Manary -Department of Revenue
-explains motivation for introduction of measure as primarily "streamlining"
-measure places Oregon parallel with federal income tax in relation to an

estate

211 -describes process including audit and potential tax liability to heirs
-questions and discussion about costs of audit process paid through the general fund, liability status of personal representatives, transferees, and heirs

269 Sen Gold -suggests drafting of possible amendment to measure which would provide parallel to federal process

280 Manary -states no objection to a prompt assessment provision, and will explore issue liability of personal representative in federal system

288 Chair Phillips -suggests that Mr. Manary work with Counsel to draft an amendment addressing concerns raised by Mr. Bennett

300 -questions and discussion about effect to heirs of prompt assessment process under current or future circumstance

360 Chair Phillips -will schedule another hearing on this measure in 3-4 weeks

HB 2204A PUBLIC HEARING

390 Karey Schoenfeld -Oregon Society of Certified Public Accountants
-provides response to questions posed the previous day (from page 7 of "Analysis of Changes..", Exhibit Q distributed 3/7/95)

-presents and explains Information Concerning Section 179 Deduction (Exhibit D) and table of Example for Assets Placed In Service In 1994 If Oregon Does Not Reconnect to Federal Law For Section 179 (Exhibit E)

-questions and discussion regarding effect on Oregon taxpayers of shifting income and need for taxpayer to keep yearly track of depreciation differences between federal and state situations

TAPE 053 SIDE A

070 Chair Phillips -redirects committee review to page 17 of Exhibit Q (3/7/95) "Analysis of Changes.."

072 Schoenfeld -continues explanation of "Analysis of Changes.." as follows: (questions, discussion, and staff comment interspersed)

-page 17 - Luxury Tax

128 Schoenfeld -pages 20-29 - Provisions Affecting Individuals

260 (page 24)

300 (page 26)

387 (page 28)

-pages 30-36 - Provisions Affecting Businesses

TAPE 052 SIDE B

074 Schoenfeld (page 32)

089 (page 34)

126 -pages 37-45 - Foreign Tax Provisions

160 (page 39)

191 (page 41)

205 (page 43)

234 -pages 44-45 - Transportation Fuel Provisions

239 -pages 46-48 - Compliance Provisions/Treatment of Intangibles

342 -pages 49-51 - Miscellaneous Revenue Raisers, Empowerment Zones,

Enterprise Communities, Rural Development Investment Areas, Etc.

399 Schoenfeld -pages 52-55 - Disclosure Provisions and Miscellaneous Provisions

TAPE 052 SIDE B

034 -page 56 - Nanny Tax Provisions

055 Schoenfeld -describes several minor provisions not contained in the

Analysis relating to GATT and with very limited impact
065 -questions and discussion about provisions brought to the attention of
the House Committee and Department of Revenue
110 Jim Manary -Department of Revenue
-gives introductory remarks on "pluses and minuses" involved in reconnect
150 -questions and discussion
161 Jim Bucholz -Department of Revenue
-explains HB 2204A and refers to Department of Revenue Summary (Exhibit O
distributed 3/7/95) of HB 2204A Sections: (questions and discussion
interspersed)

- 1 - General reconnect statute for individuals
- 2 - Changes reference in tax code
- 3 - Renumbering of Internal Revenue Code
- 4 - Unrelated business taxable income of pension held REITS
- 203 224 Bucholz 5 - Individual estimated tax provisions
- 6 - Repeal of 1993 changes
- 7a-Transitional rule
- 241 8 - Unused business credits
- 9 - Repeals health insurance credit language
- 270 10- Repeals deadwood language/renumbering
- 11- Repeals deadwood language/earned income credit
- 281 12- Corporations in general
- 13- Corporation policy statement
- 300 14- Corporate research credit
- 304 Bucholz 15- Placement of sections 16-17 in ORS
- 16- Unused business credits for corporations
- 17- Charitable contribution by corporation carry forward
- 327 Chair Phillips -announces intent to resume Dept. of Revenue reconnect
presentation at next week's meeting
-states work plan for tomorrow's meeting, and announces that SB 327 will be
removed from that day's agenda because amendments are not final
-adjourns meeting at 3:00 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. HB 2197, Bender, Staff Measure Summary
- B. HB 2197, Bender, Fiscal Analysis, 1/25/95
- C. HB 2197, Bender, Revenue Impact, 1/25/95
- D. HB 2204A, Schoenfeld, Information Concerning Section 179 Deduction, from
Oregon Society of CPA's, 3/8/95
- E. HB 2204A, Schoenfeld, chart: Example for Assets Placed in Service if
Oregon does not Reconnect to Federal Law for Section 179
- F. HB 2200A, Bender, Staff Measure Summary
- G. HB 2200A, Bender, Revenue Impact, 1/27/95
- H. HB 2200A, Bender, Fiscal Impact, 1/30/95
- I. HB 2200A, Muir, Department of Justice Memorandum, 1/30/93
- J. HB 2200A, Bender, Affected Credit or Subtraction, 1/24/95
- K. HB 2202A, Bender, Staff Measure Summary
- L. HB 2202A, Bender, Revenue Impact, 1/25/95
- M. HB 2202A, Bender, Fiscal Analysis, 1/27/95
- N. HB 2198B, Bender, Staff Measure Summary
- O. HB 2198B, Bender, Revenue Impact, 2/17/95
- P. HB 2198B, Bender, Fiscal Analysis, 1/17/95