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PUBLIC HEARINGS: SB S 627A, 809, 717
WORK SESSIONS, HB 2204A & SB S 627A,
& 717
TAPES 066-067, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

MARCH 23, 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
Sen. Eugene Timms (excused to Ways and Means 1:00-2:20 pm)

Witnesses: Phil Ward, Oregon Department of Agriculture
Roger Beyer, Northwest Christmas Tree Association
Stan Low, Highland Farm of Oregon
Mike Derman, Aerospace Industry Association of Oregon
Mark Huntington, Lane Community College
Mike Patrick, Linn Benton Community College
John Ruger, Surplus Property Program, Department of
Administrative Services
Gary Van Horn, Division of State Lands
Jim Bucholz, Oregon Department of Revenue
Jim Manary, Oregon Department of Revenue
Chuck Sheketoff, Multnomah County Legal Aid

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

TAPE 066 - SIDE A

005 Chair Phillips -calls the meeting to order at 1:05 pm as a subcommittee
SB 627A PUBLIC HEARING
011 Jim Scherzinger -gives brief staff overview of SB 627A which permits the
Dept. of Agriculture to charge a \$10 fee for phytosanitary certificate
relating to Christmas tree export (see Exhibit C - Staff Measure Summary of

Senate Committee on Agriculture, Natural Resources and Environment)
022 Phil Ward -Oregon Department of Agriculture Assistant Director
Ward -introduces Bob Obermeyer, Oregon Dept. of Agriculture Manager of
Christmas tree and nursery inspection program
-explains process of certifying Christmas trees for export and cooperation
with the tree growing industry to recover cost of inspection

054 -distributes written testimony in support of SB 627 (Exhibit A)
-questions and discussion about costs incurred in inspection program and

possible opposition to measure

093 Roger Beyer -Northwest Christmas Tree Association
-speaks in support of SB 627A and states no opposition from tree growers
present at recent association meeting
-explains that the inspection program is needed in order to export

Christmas trees

111 Stan Low -Highland Farm of Oregon, Beaver Creek
-testifies in support of SB 627 and distributes written testimony (Exhibit
B)

(quorum is established)

SB 627A WORK SESSION

150 Chair Phillips -reviews testimony from public hearing
166 Sen. Hartung -MOVES SB 627A TO THE SENATE FLOOR WITH A DO PASS

RECOMMENDATION

167 Sen. Trow -"I'm going to support the motion. I would, though, urge the
Dept. (as it thinks about fees that are going to be charged) to try to
recoup the cost of the service provided...the amount of money involved in
the trees being shipped for foreign market would mean they could pay a
higher fee"

180 Sen. Walden -notes that he arrived late to committee because he was in a
meeting on Ballot Measure 22, writing voter's pamphlet statement that was
required to be completed

-states "I am supportive of this bill and of this industry"

184 Chair Phillips -ROLL CALL VOTE SB 627A MOTION PASSES 4-0
-SENATORS VOTING AYE: HARTUNG, TROW, WALDEN & PHILLIPS

EXCUSED: TIMMS &

GOLD

Sen. Hartung -will carry bill on the Senate floor

SB 809 PUBLIC HEARING

185 Jim Scherzinger -presents staff overview of SB 809 which limits the amount

of fee charged by Department of Administrative Services for surplus
government property transactions to state/local government/non-profit
entities

-states that no fiscal impact statement is currently available

210 Mike Derman -Aerospace Industry Association of Oregon, Executive Director
-presents overview of aerospace industry in Oregon
-explains that SB 809 would assist community colleges in purchase of
equipment needed to train better employees for the aerospace industry

250 -questions and discussion about how procurement fee is determined by
Department of Administrative Services, effect on institutions of higher
education in the state, and what the fee pays for

283 Mark Huntington -Lane Community College, Instructor in Technology Program
-explains that measure would allow access to fundamental equipment at a
greatly reduced cost through federal surplus which is needed for programs

330 -questions and discussion about scope of the capital equipment
purchasing budget at Lane Community College and federal resources

375 Mike Patrick -Linn Benton Community College, Associate Dean of Science
and Industry

-"we're not a large user of surplus services - I'm very sympathetic to the
proposed changes in the rules and regulations with DAS"

-explains importance of federal surplus equipment to technical programs and

contribution of both federal Carl Perkins Fund and state lottery
allocations

TAPE 067 SIDE A

019 Patrick -describes limited use of the DAS process, costs/advantages of
acquiring federal surplus equipment, and need for government to minimize
acquisition fees

040 Mike Derman -Aerospace Industry Association of Oregon, Executive Director
-explains that SB 809 would assist development of Portland Community College

aviation maintenance educational facility at Portland Airport which in turn

would help attract a credible user for the now vacant "number one
maintenance facility in the world" at PDX

064 John Ruger -Federal Surplus Property Program, Department of
Administrative Services

-testifies in opposition to SB 809 and distributes testimony from Federal

Surplus Property Program, Department of Administrative Services (Exhibit C)

and Oregon Administrative Rule 125, Division 35, Federal Surplus Property (Exhibit D)

192 -refers to page 6 of Exhibit C

215 -refers to attachment A of Exhibit C

275 -questions and discussion of standard method of assessing service charges

SB 717 PUBLIC HEARING

330 Steve Bender -presents staff overview of SB 717 which transfers and credits unclaimed income and corporate tax refund checks to the Common School Fund

-currently, amounts from uncashed checks remain in the general fund

TAPE 066 SIDE B

007 Bender -describes disposition under current state law of other types of uncashed checks

021 -introduces Revenue Impact Statement (Exhibit I)

-suggests committee consideration of effective date for measure

034 Sen. Trow -states position that keeping revenue in the general fund for the present time "makes more sense than moving it over to this other fund where only the interest on it can be used for the services we really need"

044 Gary Van Horn -Division of State Lands, Assistant Director for Finance and Administration

-distributes written testimony of Gary Gustafson, Director of Division of State Lands (Exhibit K)

-describes Land Board long-term policy of building the Common School Fund

-introduces Marcella Easley, Program Administrator for the unclaimed

property program

055 Sen Walden -states reasons for support of measure

-while respecting Sen. Trow's opinion, sees minimal impact on the general fund

-discussion of effective date for measure

106 Sen Gold -states support for measure if made effective in the next biennium - shares Sen. Trow's concerns about the general fund

114 Sen Hartung --supports measure to be effective "right now - it's such a small amount compared to what our needs are"

120 Steve Bender -in response to question from Sen. Hartung, explains HARRP program available to lower income households (see Exhibit J)

-only remaining element of HARRP program is elderly rental assistance

-questions and discussion about over \$12 million of unclaimed tax from the

HARRP program

178 Sen. Trow -states that "If you notice, all of this money is paid out of the general fund for these things and it sort of makes sense that it goes back to the general fund"

HB 2204A WORK SESSION

181 Chair Phillips -states intent not to vote on measure today, but to achieve "a clear understanding of all the issues"

190 Steve Bender -presents staff overview of reconnect measure

-refers to Revenue Impact of HB 2204A and Proposals (Exhibit L)

-questions and discussion interspersed

255 -distributes Proposed (A13) Amendments (Exhibit N)

274 -distributes Proposed (A16) Amendments (Exhibit O)

285 -distributes Proposed (A11) Amendments (Exhibit M)

327 -explains effect of decreasing impact of connecting to Section 179

367 Jim Bucholz -Oregon Department of Revenue

-comments on Employment Division Proposed (A16) Amendment (Exhibit O) which

has no impact on Department of Revenue

-comments on federal earned income tax credit in Proposed (A13) Amendments

(Exhibit N)

390 -refers to memorandum from Debra Buchanan regarding "Federal earned income credit and subtraction of federal tax on Oregon return" (Exhibit R)

TAPE 067 SIDE B

040 Bender -provides additional clarification of Exhibit R

050 Jim Manary -comments on effect of Proposed (A13) Amendment (Exhibit N)

055 -questions and discussion

063 Chuck Sheketoff -Multnomah County Legal Aid

073 -explains effect of subtraction from federal tax liability

-questions and discussion about Oregon's consistency with federal tax code

130 Bucholz -explains effect of ACRS one-time adjustment (Exhibit Q)

155 Chair Phillips -requests additional information from Department of

Revenue

SB 717 WORK SESSION REOPENS

180 Sen. Walden -MOVES CONCEPTUAL AMENDMENT TO SB 717 ADDING EFFECTIVE DATE OF

JULY 1, 1997

210 Chair Phillips -STATING HIS OWN OBJECTION TO EFFECTIVE DATE, THE CHAIR SO

ORDERS INCLUSION OF THE CONCEPTUAL AMENDMENT TO SB 717

215 Sen. Walden -MOVES SB 717 AS AMENDED TO THE SENATE FLOOR WITH A DO PASS

RECOMMENDATION

218 Chair Phillips -ROLL CALL VOTE MOTION PASSES 5-1

-SENATORS VOTING AYE: HARTUNG, TIMMS, WALDEN, GOLD & PHILLIPS

NAY: TROW

Sen. Walden -will carry the bill on the Senate floor

Chair Phillips -announces SB 327 will be rescheduled

-adjourns meeting at 2:45 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

A. SB 627A, Ward, Oregon Department of Agriculture Testimony 3/23/95

B. SB 627A, Low, testimony from Highland Farm of Oregon, 3/23/95

C. SB 627A, Scherzinger, Staff Measure Summary from Senate Committee on

Agriculture, Natural Resources & Environment

D. SB 627, Scherzinger, Fiscal Analysis, 3/10/95

E. SB 809, Ruger, testimony from Federal Surplus Property Program, Department

of Administrative Services

F. SB 809, Ruger, Oregon Administrative Rule 125, Division 35 Federal Surplus

Property

G. SB 809, Scherzinger, Revenue Impact Analysis, 3/9/95

H. SB 809, Scherzinger, Staff Measure Summary, Senate Committee on Government

Finance & Tax Policy

I. SB 717, Bender, Revenue Impact of Proposed Legislation, 3/23/95

J. SB 717, Bender, memorandum of Two Year Void Checks, 3/22/95

K. SB 717, Van Horn for Gustafson, testimony from Division of State Lands,
3/23/95

L. HB 2204A, Bender, Revenue Impact of HB 2204A and Proposals, 3/23/95

M. HB 2204A, Bender, Proposed (A11) Amendments, 3/6/95 (BPS/dj/hl)

N. HB 2204A, Bender, Proposed (A13) Amendments, 3/13/95 (BPS/dj/hl)

O. HB 2204A, Bender, Proposed (A16) Amendments, 3/22/95 (BPS/dj/ng)

P. HB 2204A, Bender, Proposed (A17) Amendments, 3/23/95 (BPS/dj/ng)

Q. HB 2204A, Bucholz, Oregon Department of Revenue memo regarding ACRS

one-time adjustment, 3/22/95

R. HB 2204A, Bucholz, Oregon Department of Revenue memo regarding Federal
earned income credit and subtraction of federal tax on Oregon return,
3/22/95

S. HB 2204A, Bucholz, Oregon Department of Revenue memo regarding Amendment
to HB 2204 regarding withholding on unemployment benefits, 3/22/95

T. SB 809, Meyerhoff, letter to Senator Phillips in support of SB 809, 3/23/95