

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 2204
Work Session HB :2275, 2276, 2277

House Committee on
State and School Finance
February 2, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

FEBRUARY 2, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair (left at 9:10 am)
Rep. Ron Adams
Rep. Lee Beyer (9:35 am late arrival)
Rep. Tim Josi
Rep. Tony Federici, Vice Chair)
Rep. Jane Lokan (8:35 am late arrival)
Rep. Anitra Rasmussen
Rep. Ken Strobeck (excused 9:15 am arrival)
Rep. Jim Welsh (left at 9:12 am)

Members Excused: Rep. Ken Strobeck

Witnesses Present: Jim Bucholz, Department of Revenue
Jim Manary, Department of Revenue
Gary Carlson, Associated Oregon Industries

Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Rhonda Wehler, Committee Assistant

TAPE 41 SIDE A

007 Chair Schoon -calls the meeting to order at 8:30 am
009 Terry Drake -explains Exhibit A, Equalization Projection Chart
047 All -questions and discussion
154 -from service delivery standpoint, dark rectangle is closest to program
now being offered
180 All -questions and discussion
184 Chair Schoon -explains equalization would be realized in 4 years without

additional appropriation, adding \$22 million from increased property
assessment

-due to Measure 5, more of General Fund budget has been dedicated to
schools

294 Terry Drake -flat funded districts were able to maintain programs with
cash balances
314 Rep Rasmussen -hold Portland flat funded for 8 years in order to achieve
this
329 Rep Beyer -clarifies that decision must be made for amount of adm per
student and also if 3 or 4 year funding program
361 All -questions and discussion
376 Chair Schoon -option of adding in a small percent for all school
districts, so larger spending districts don't have to continue with no
increases

TAPE 42 SIDE A

010 Rep Lokan -asks average of inflation in last few years
011 Terry Drake -3.5%
017 All -questions and discussion
023 Terry Drake -clarifies that 1.2% increase for student growth factored in,

variable due to trend towards home schooling and private schools

053 Chair Schoon -closes hearing on HB 2275
-calls for stand at ease

PUBLIC HEARING HB 2204

072 Acting Chair Rasmussen-reconvenes meeting
091 Steve Bender -explains Exhibit , Limitation on Itemized Deductions

-medical deductions, age limit is 60 now full amount can be deducted
 -only for taxpayers who itemize
 -unreimbursed medical expenses and medical insurance premiums
 182 Rep Beyer -comments that tax system favors health insurance provided by
 employers, vs. by individuals,
 enabling provisions to help individual purchasers
 280 Steve Bender -lines 4, 13 and 9 can be deducted fully, others are
 limited
 -if AGI is over \$111,800
 -since 1991 itemized deductions have been limited for high income
 -this limitation will be repealed in 1996 statewide, but is permanent for
 federal taxes
 -HB 2204 makes the limitation permanent for Oregon also
 -homeowners most likely to itemize
 TAPE 41 SIDE B
 022 Gary Carlson -expresses support of HB 2204
 -explains concerns on Exhibit D, Associated Oregon Industries
 -requests consideration of capital gains, non-deductibility of federal or
 state lobbying expense
 073 All -questions and discussion
 136 Carlson -explains further that level of taxation for capital gains (not
 indexed)
 -long term asset holders were heavily affected by increase of capital gains
 tax from 4%-9%
 198 All -questions and discussion
 220 Steve Bender -capital gains is tax on change in value of asset, real
 property, intangibles such as stocks and bonds
 233 Carlson -major frustration to be taxed
 264 Rep Rasmussen -chair turned to Rep Lokan
 275 Jim Manary -emphasizes that reconnect is to simplify system for taxpayers
 322 Manary -minimizes number of errors
 324 Jim Bucholz -explains Exhibit E, Department of Revenue Summary of HB 2204
 365 -Sections 1 3
 372 -Section 4
 TAPE 42 SIDE B
 012 -Sections 5 and 6 realign with federal provisions and repeals what was
 changed in last legislature
 030 Steve Bender -explains that not constitutional to automatically connect
 according to state law
 068 Kare Schoenfeld -unconstitutionality because giving power to DOR to
 change provision that doesn't tie to definition of income
 083 Jim Bucholz -explains estimated tax provisions
 093 -explains Section 7
 101 -explains Section 8
 120 -explains Section 9
 141 -explains Section 10-11, repeals deadwood language
 163 Steve Bender -changing obsolete language
 -Oregon does not have earned income credit
 223 Bucholz -explains Section 12, 13, 14
 248 -explains Section 15, 16
 271 Rep. Adams -asks what % taxpayers pay capital gains
 274 Steve Bender -answers 20%