

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.

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.

Work Session HB 2275  
Public Hearing HB 2201 & 2204

House Committee on  
State and School Finance  
February 6, 1995 Page

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.

HOUSE STATE AND SCHOOL FINANCE COMMITTEE

---

FEBRUARY 6, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

---

Members Present: Rep. John Schoon, Chair(late arrival at 8:45)  
Rep. Ron Adams  
Rep. Lee Beyer (late arrival 9:00am)  
Rep. Tim Josi  
Rep. Tony Federici, Vice Chair(late arrival 8:50am)  
Rep. Jane Lokan  
Rep. Anitra Rasmussen  
Rep. Ken Strobeck  
Rep. Jim Welsh

Witnesses Present: Rep Lynn Snodgrass, District 10  
Chuck Sheketoff, Multnomah Co. Legal Aid Service  
Gary Carlson, Associated Oregon Industries  
Chuck Sheketoff, Multnomah Co. Legal Aid Service  
Jim Manary, Oregon Dept of Revenue  
Debra Buchanan, Oregon Dept. of Revenue  
Jim Bucholz, Oregon Dept. of Revenue  
Roger Lent, Employment Department  
Carol Wachter, Oregon Society of Certified Public Accountants  
Kare Schoenfeld, Oregon Society of Certified Public Accountants

Staff: Steve Bender, Legislative Revenue Office  
Terry Drake, Legislative Revenue Office  
Laura Sherwood, Committee Assistant

TAPE 47 SIDE A

013 Rep Adams -calls the meeting to order at 8:37 am  
HB 2275-WORK SESSION  
015 Terry Drake -explains Exhibit A regarding projection on student growth  
and budget  
050 All -questions & discussion  
164 Rep Snodgrass -concerned about equalization and the rationalization of  
coming to a figure for funding, refer to written testimony Exhibit B  
254 -refers to Exhibit C - figures from North Clackamas School District and  
continues with written testimony, Exhibit B  
-explains how North Clackamas School Dist. has cut back on funds  
393 All -general discussion

TAPE 48 SIDE A

001 All -general discussion  
061 Rep Welsh -asks if the school district would like local control  
Rep Snodgrass -responds that she has spoken to local administrators and they

would like local control

079 Rep Beyer -asks would the school districts want to give the legislature  
control of funds distribution  
095 Rep Snodgrass -districts welcomed the reallocation of funds by the  
legislature when Measure 5 passed for school funding but are not willing to

give up local control

184 Acting Chair Adams -closes HB 2275 work session  
PUBLIC HEARING HB 2204  
187 Chuck Sheketoff -explains federal earned income tax credit  
250 Acting Chair. Adams -asks if this issue is a reconnect issue  
254 Steve Bender -explains federal earned income tax is not a reconnect issue  
331 Acting Chair Adams -asks what the revenue impact would be  
336 Bender -will check into revenue impact  
344 Gary Carlson -brings up tax reform act in 1981, having separate  
depreciation schedules to file, proposes one time catch up provision

414 Rep Rasmussen -property purchased in 1982-1984 are on split schedules until completely depreciated  
TAPPE 47 SIDE B  
010 Bender -explains specific issues in CPA report and agenda for HB 2204 for the next couple of days  
044 Roger Lent -addresses impact of the "nanny tax" and unemployment insurance reporting change from quarterly reporting to annually reporting -

refer to Exhibit D  
075 All -questions & discussion  
137 Lent -provides figures for 1993 on domestic employers and employers and total payroll  
160 Rep Beyer -would this reporting change require more staff and slow unemployment insurance payments  
173 Lent -responds there would be more staff and the reporting change would slow down the processing of the payments and reports  
204 All -questions & discussion  
275 Jim Bucholz -there are exempt taxes for domestic workers  
-responds to questions on the definition of transit taxes  
334 Lent -responds that annual paying or reporting does not effect money received except in interest earnings  
353 Kare Schoenfeld -responds to questions earlier of "the nanny tax" explaining the DOR interest is in compliance  
-discusses Fed treatment of simply adding to the Fed Form 1040  
-discusses issue of "inadvertent compliance"  
390 Jim Manary -unemployment tax benefits is done at state level through benefits at the federal level, no benefits are paid, the \$'s flow back to the States  
TAPPE 48 SIDE B  
-to parallel the federal system, the benefits information is not available due to the time length between reporting  
-to move to file once a year for the State, the State form is crowded and a current line on the State form will have to be eliminated to combined  
034 -general questions and discussion  
043 Schoenfeld -provides expertise noting the DOR has no position on the issue of adding an earned income credit  
067 Carol Wachter -notes the DOR has no position on two depreciation schedules for property placed in service  
-will probably be gone by the year 2000  
110 Acting Chair Adams direction to staff  
117 Steve Bender discusses page 26 of CPA report, moving expenses (Exhibit E dated 1/31/95)  
157 Steve Bender -refers members to a chart entitled Revenue Impact of HB 2204, Exhibit B, dated 1/30/95, (Preliminary) LRO 1/30/95 for revenue impact of new provisions  
200 Acting Chair Adams -would like a list of the items disputed from Steve Bender, each member check list and approve or disapprove.  
240 Rep Rasmussen -what is the process for final approval  
245 Acting Chair Adams -will discuss with Chain Schoon  
267 Steve Bender -refers to denial of deduction for lobbying expenses of Exhibit E Page 30 & 31 dated 1/31/95  
321 Schoenfeld -states position on reconnect regarding lobby expenses  
340 All -discussion  
TAPPE 49 SIDE A  
004 All -going through CPAs report Exhibit E dated 1/31/95 marking points for research and further discussion at a later committee meeting continuing with general questions and clarification regarding reconnect  
TAPPE 50 SIDE A  
004 All -general questions and discussion regarding the CPAs report Exhibit E dated 1/31/95  
068 Wachter -OSCPA would support one time catch up regarding the split depreciation schedules  
075 Rep. Adams -CLOSES HEARING HB 2204  
PUBLIC HEARING HB 2201  
084 Steve Bender -explains HB 2201 penalties on failure to pay or file tax provision on personal property tax and bankruptcy code  
109 Jim Manary -provisions relating to federal bankruptcy refers to Exhibit E, Failure To File a Return Process  
156 Acting Chair Adams -asks how the Dept of Revenue bases an estimate on gross wages  
158 Manary -explains the sources that can be checked to establish an estimate on gross wages then continues with Exhibit E.  
-states penalties on basic income tax in the current system  
254 Vice Chair Federici -what if taxpayer can not file return because of circumstances beyond control  
260 Manary -Dept has waiver process for such circumstances  
290 Buchanan-explains the sections in the bill that describe penalties  
340 -refers to Exhibit F Application of Penalty Provisions in HB 2201  
TAPPE 49 SIDE B  
004 -continues with Exhibit F  
020 Acting Chair Adams -adjourns meeting at 11:22 am

Laura Sherwood, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. HB 2275, Drake, Projection chart on school funding
- B. HB 2275, Rep Snodgrass, Written Testimony
- C. HB 2275, Rep Snodgrass, Figures from North Clackamas School District
- D. HB 2204, Lent, Fed Tax Law Connection, Domestic Workers
- E. HB 2201, Manary, Failure to File a Return Process
- F. HB 2201, Buchanan, Application of Penalty Provisions