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Public Hearing HB 2063

House Committee on
State and School Finance
February 27, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

FEBRUARY 27, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer (8:35 am late arrival)
Rep. Tim Josi (8:42 am late arrival)
Rep. Tony Federici, Vice Chair (8:35 am late arrival)
Rep. Jane Lokan (8:50 am late arrival)
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Kathryn Van Natta, Northwest Pulp and Paper
Mike Grainey, Department of Energy
Bill Nesmith, Department of Energy
John McCulley, Ag Co-op Council of Oregon
Kent Aldrich, Ag Co-op Council of Oregon
John Jaqua, Economic Development Department
Rich Woodard, Comumbial Steamship Operators
Rob Douglas,
Brian DeLashmult, Oregon Nurses Association
Jane Myers, Oregon Dentists Association
Karen Whitaker, Oregon Health Sciences University, Office of Rural Health
Jim Craven, Amerircan Electronics Association
Wallace Rutledge
Doug Dystad
Jack Chapin, Concerned Citizen
Don Schollenberg
Tim Dolly, Concerned Citizen, The Dalles
Charlie Harris, Director of CASA ??????
Allan Willis, Port or Portland
George Pernsteiner, Higher Education
Lindsey Desrochers, Portland State University
Jane Lesser, Legislative Director for the Oregon Student Lobby
Mary Botkin, Oregon Nurses Association
James Scherzinger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Rhonda Wehler, Committee Assistant

Staff:

TAPE 80 SIDE A

008 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
OPENS PUBLIC HEARING ON HB 2255
009 Katryn Van Natta-refers to Exhibit A, Written Testimony supporting HB 2255
-tax credits economic development tool
-tax credits make Orgeon mills more competititve in tight national and international markets
-pulp and paper industry is one of most capital-intensive industries nationwide
070 Mike Grainey -expresses support of energy tax credits
091 Bill Nesmith -business energy tax credit applies to small renters to large cooperations, help businesses invest in energy efficiency renewal projects
105 John McCulley -refers to page 5, subsection 5, section 3, excludes coops from being able to use tax credit to offset any income, only for property taxes, if tax credit program is continued request that coops be treated like businesses
153 John Jaqua -refers to Exhibit B, Letter to Jim Whitty, tax credits are

incentive programs, not a mitigation program, have been involved in creation of quality jobs, growth management and maintaining quality of life

are issues now

256 Rep Strobeck -asks about companies locating in Oregon
260 Jaqua -companies come to Oregon because of tax credit, limits risk, invites companies to be welcomed here
286 Rep. Adams -questions
303 Jaqua -all but New Mexico are listed as having pollution tax credits
325 Chair Schoon -states Oregon has favorable business climate
329 Jaqua -study being done perceived regulatory environment particularly in relation to small business
350 Vice Chair Federici -directive to outline types of regulations small businesses find inhibiting financially
387 CLOSES HEARING ON HB 2255
391 OPENS HEARING ON HB 2261
TAPE 81 SIDE A
Rob Douglas
010 Rick Woodard -speaks in favor of 2261, double digit increases in container business, as ships get bigger, they can be allowed in fewer ports
036 Steve Meyer -cargo containers are exempt, but will sunset in January 1996, exemption limited to cargo containers used in domestic trade, not foreign commerce
056 All -questions and discussions
080 CLOSES HEARING ON 2261
082 REOPENS HEARING ON 2255
085 Kent Aldrich -presents support of HB 2255 tax credits
-taxable and non-taxable, co-op taxed in 2 ways, tax earned on non-member business taxed at corporate level, member is taxed at partnership level
-all of income from ag co-op is taxed, either at corporate or member individual level, pollution control credits offset at corporate level
CLOSES HEARING ON HB 2255
147 Chair Schoon -asks Rep. Adams to Chair subcommittee on HB 2255
157 OPENS HOUSE BILL ON HB 2257
157 Jim Scherzinger -describes tax credits relating to HB 2257, refers to Exhibit E, Rural Medical Practice, extends sunset to 2001, modifies way it sunsets so that those who qualify are eligible for full 10 years of credit,

sunsets cuts off new application

206 Jim Scherzinger -explains bone marrow transplant credit, page 9, Exhibit E

25% of eligible expenses

235 Karen Whittaker -refers to Exhibit F, supporting HB 2257 tax credits for rural medical practice and bone marrow transplant expense
296 -explains who receives credit, size of Oregon towns
311 -discusses survey of rural practitioners, page 8 of Survey, Exhibit F, most significant pressure now is financial, over malpractice, alleviating that with tax credit is helpful, would fail to attract additional rural practitioners and loses some if tax credit is stopped

TAPE 80 SIDE B

395 Rep. Adams -asks about Type C hospitals in Roseburg
013 Whittaker -physicians practicing at Type C Hospitals, unless they are exempted, are not eligible for tax credit, many are not eligible because of location
036 Rep Beyer -questions
057 Whitaker-\$5000 does not make up difference but does keep practitioners
057 Brian DeLashment-clarifies this is up to \$5,000 tax credit, so nurse practitioners and nurse anesthetists are not eligible for all, bill extends sunset to 2001 and clarifies that sunset only applies to window of

application, not the credit itself

Ed Patterson Oregon Association of Hospitals, competing with urban areas and

other states, who often offer substantial economic incentives, bill represents that state committed to maintaining rural health, more difficult

to recruit primary care doctors in rural, most rural hospitals can't afford

to use anesthetists, often used nurses anesthetists

115 Vice Chair Federici -asks type of incentives used by other states
117 DeLashment -only one component in formula, also offer forgivable loan dollars to those who work in rural areas
159 Jane Myers -dental association supports bill, offer amendment to include dentists in rural areas, buyers market for dentists, 3 counties have no dentist, designate as frontier counties, revenue impact \$500,000 per biennium

appoints work group to look at ??????CLOSES HEARING ON 2257

236 OPENS PUBLIC HEARING ON 2256

239 Jim Scherzinger -refers to Exhibit I, Qualified Research Activities, bill

extends sunset to 2001, begins a 3 year carry forward, allows a 10 year carry forward for start up, includes all fields listed in federal credit, alternative credit all those plus a \$500,000 limit,

319 -summarizes page 7, Exhibit I, reforestation credit 30% for reforesting underproductive commercial forest land

403 Wallace Rutledge -supports tax credit

TAPE 81 SIDE B

004 -budget allocated

013 Doug Tystad -HB 2256, amendment to authorize them to finance through 2001

(033) ??????

044 Jim Craven -research credit, Exhibit J, Written Testimony, extends sunset

date, not tied to federal credit, this credit appears to be linked to federal credit, clarifies this is not a reconnect issue, but rather an Oregon law, adds carry-forward, for emerging small companies, research and development is most helpful, without a carry forward, this credit does no good, recommends 5 years of carry-forward over 3 years

line 2 page 41, section 2, definition of start up company, is actually in

I, not ii

123 Rep Strobeck -asks why deletion
125 Chair Schoon -interim committee suggested not limiting industries
138 Vice Chair Federici -changing definition of qualified researchers
144 Rep Beyer -
147 Craven -
CLOSES HEARING ON 2256
OPENS HEARING ON HB 2232
208 Jack Chapin -refers to Exhibit N, Written Testimony, supporting HB 2232
289 Tim Dolly -not appropriate to tax above ground irrigation
332 All -questions and discussion
347 Acting Chair Beyer CLOSES HEARING ON HB 2232
OPENS HEARING ON HB 2063
352 Don Schollenberg-supports HB 2063
383 Dolly -Oregon Farm Workers support tax credit, without tax credit,
housing can't be built for workers this year
TAPE 82 SIDE A
059 Schollenberg -market fluctuates and margin is very thin
100 All -questions and discussion
116 Charlie Harris Director of CASA of Oregon, farm worker housing
-tax credits have helped them leverage with other \$, Oregon to be 5th in
country using federal \$ is due to tax credit
-HB 2063 sunset clause eliminated entirely, preferable over HB 2259, which
sunsets in 2001
192 -refers to Exhibit Q, Written Testimony
198 -workers have to prove they have immigrant status
219 Harris -clarifies that tax credit is available for both temporary and
permanent housing
231 Vice Chair Federici -questions and discussion
234 Harris -seasonal housing for families in town
CLOSES HEARING ON HB 2063
OPENS HEARING ON HB 2261
258 John Gervais -supports page 3, section 3, section 4 (explanation
followed)
-discusses section 4 - Recreational Homes on federal forest land, many
restrictions
347 Keith Petri -ski areas pay percentage of gross
363 Jack Snyder -Oregon Homeowner's Association, permit fee paid to forest
service, which goes back to county, should be in lieu of taxes on property
397 Alan Willis -supports HB 2261
TAPE 83 SIDE A
-refers to Exhibit R, Written Testimony
024 Rep Strobeck -questions
027 Willis -domestic and international containers are difficult to determine,
any disincentive will hurt efforts to keep container flow through Port of
Portland, not taxes in either WA or CA
054 George Pernsteiner -refers to Exhibit Section, Written Testimony
supporting tax exemption for department of higher education parking, if not
3% increase in tuition for college students at Portland State, looking for
extension at existing exemption
149 Lindsey Desrochers -refers to Written Testimony, Exhibit T, property tax
exemption, important since they are in heart of city and serve older
students with families, details efforts being made to encourage other means
of transportation
-ensure light rail comes to campus
-discount bus pass for students
-favorable rates for those in carpools
-included some car days, shuttle service to those with family emergencies
-aligning class schedules with bus schedules
224 All -questions and discussion
274 Jane Lesser -refers to Written Testimony, Exhibit U, in support of
extension of tax credits
379 Permsteiner -explains ??? fee used for computer labs, wire classrooms
for instructional aids
TAPE 82 SIDE A
007 DeLushart -expresses support of HB 2261, buses don't run 24 hours a day,
nurses do work, could be on call or doing temporary work
030 Mary Botkin -many are single moms in health care facilities, day care is
problem as is transporting them
057 Rich Peppers -refers to Written Testimony, Exhibit pay ranges is low
098 CLOSES PUBLIC HEARING ON HB 2261
105 -adjourns meeting at 11:25 am