

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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Work Session HB 2255, 2257, 2259, 2064  
Bill Introduction  
Tapes 111-112 A & B

House Committee on  
State and School Finance  
March 14, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

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MARCH 14, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

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Members Present: Rep. John Schoon, Chair  
Rep. Ron Adams  
Rep. Lee Beyer (9:15 am excused late arrival)  
Rep. Tony Federici, Vice Chair  
Rep. Tim Josi  
Rep. Jane Lokan  
Rep. Anita Rasmussen (8:46 am unexcused late arrival)  
Rep. Ken Strobeck  
Rep. Jim Welsh

Witnesses Present: Karen Whitaker, Oregon Health Sciences University (OHSU)  
Charlie Harris, CASA of Oregon  
Frank Brawner, Oregon Bankers Association

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

TAPE 111 SIDE A  
004 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business  
015 Steve Bender -reviews Revenue Impact, Exhibit A  
-refers to HB 2256 Revenue Impact, Exhibit B, reduces revenue \$3.33 million in this biennium and \$6.02 million in next biennium  
049 -clarifies Exhibit A, Research & Development \$500,000 limit is actually carry-forward  
078 -current law has no carry-forward  
-HB 2256 allows all firms 3 year carry-forward, and new firms 10 year carry-forward  
107 -says if bills not passed out, no credit expansions will occur, no youth employment credit, and all bills with sunset extension will sunset  
135 Chair Schoon -OPENS WORK SESSION ON HB 2257  
Bender -refers to page 123, Tax Expenditure Report, Exhibit C, 3/10/95  
-explains physician on staff of hospital with less than 50 beds in rural area would qualify for credit  
Bender - more than 50 beds can qualify if geographically isolated  
-60% or more of practice being rural for physician assistants and nurse practitioners  
-extends sunset to Dec. 31, 2001, participants can continue for remainder of 10 year period  
-up to \$5,000 credit, not based solely on income from medical income, credit can be taken against all income  
-revenue impact would reduce by \$6.5 million this biennium and \$7.5 next biennium  
251 Karen Whitaker -stresses program netted 155 new practitioners in eligible areas, and stopped exodus from rural areas  
-considered recruitment and retention tool  
368 Bender -explains bone marrow transplant expenses, page 124, Exhibit C  
-allows income tax credit to employers who contribute to bone marrow donation program  
-has five year carry-forward  
-impact of extending credit \$7,800 now and \$10,000 next biennium  
TAPE 112 SIDE A  
031 -adds revenue impact for inclusion of rural dentists \$185,000 in this

biennium, \$410,000 in next biennium  
 -refers to Exhibit C, Manpower Dentist Report  
 -notes counties classified as frontier - Baker, Crook, Gilliam Grant,  
 Harney, Lake, Malheur, Morrow, Sherman, Wallowa, Wheeler  
 -says 51 dentists currently in frontier counties  
 097 Chair Schoon -OPENS WORK SESSION ON HB 2259  
 Bender continues-affects four sunseting credits grouped in housing and  
 education  
 -refers to page 128, Exhibit C, 3/10/95  
 -credit allowed to taxpayers who live in mobile home and must move due to  
 closure of mobile home park  
 -credit equal to \$1,500 or relocation costs, whichever is less  
 -sunset extends to Dec. 31, 2001  
 -reduces General Fund Revenues by \$10,000 now, \$50,000 later  
 -explains credit for Child Development Program Contributions, page 129,  
 Exhibit C, 3/10/95  
 -consists of both education and day care component  
 -credit equals 50% of contribution  
 -extends sunset to Dec. 31, 2001  
 -revenue reduction of \$2,000 now, and \$10,000 next biennium  
 280 Bender -explains credits for constructing or rehabilitating farm worker  
 housing  
 -extends sunset  
 -credit taken in 5 equal installments  
 -refers to page 130, Exhibit C, 3/10/95  
 -taxpayer need not be owner or operator of housing at time used  
 -non-profits can sell credit to large companies with tax liability  
 344 Bender -discusses housing qualifications for credit eligibility  
 -includes carry-forward for five years  
 TAPE 111 SIDE B  
 010 Charlie Harris -says housing cannot be occupied by non-farm-workers  
 -cannot be vacant entire year  
 -monitoring exists for unregistered migrant camps  
 -farmer does not charge rent  
 -difficulty finding corporations willing to build farm workers housing, so  
 credit is sold, proceeds of sale of credits used for building housing  
 117 -summarizes typical housing project  
 169 Bender -says Revenue Impact \$2,000 now, \$20,000 next biennium  
 -explains lender's credit for financing construction or rehabilitation of  
 farm-worker housing projects, Exhibit C, 3/10/95  
 -scheduled to sunset Jan. 1, 1996  
 -extends sunset to 2001  
 -specifies projects must be in Oregon to qualify  
 -Revenue Impact \$90,000 now, \$760,000 next biennium  
 244 Chair Schoon CLOSSES WORK SESSION ON HB 2259  
 246 Chair Schoon -OPENS WORK SESSION ON HB 2064  
 -low income housing credit for lenders equal to 4% of interest charged for  
 certain loans made  
 290 -total limitation now equal to \$57 million in outstanding loans, then  
 limit returns to 37.5 million  
 -sunset Jan. 1, 2000  
 -would change limitation so that credits attributable to all loans could  
 not exceed \$3 million per any year  
 -impact equivalent to \$75 million limitation  
 TAPE 112 SIDE B  
 004 All -questions and discussion  
 041 Frank Brawner -explains interest rates today on family units  
 approximately 10%  
 -4% credit goes back to renter  
 -subsidizes rent of one who moves in  
 -refers to Exhibit D, Reserved Projects  
 95 Chair Schoon -CLOSSES WORK SESSION ON HB 2064  
 100 Vice Chair Federici MOVES TO INTRODUCE LC DRAFT 3830 AS COMMITTEE BILL  
 THERE BEING NO OBJECTION THE CHAIR SO ORDERED  
 107 Rep. Adams MOVES TO INTRODUCE LC DRAFT 3831 AS COMMITTEE BILL  
 THERE BEING NO OBJECTION THE CHAIR SO ORDERED  
 143 Bender -refers to Exhibit G, Pollution Control Credit by Year, projection  
 in response to Rep Adams' questions in altering HB 2255  
 Bender -differences include extending sunset until 2001 and changing new  
 claimants return to 8% up front first year, then 5% next three years, 31%  
 available over 5 year period, instead of 50% over 10 years  
 246 -responds to Rep. Beyer's request to determine revenue impact of  
 establishing income tax credit for health insurance expenditures  
 -1st option income tax credit up to \$1200/year for individuals, and up to  
 \$2,400/year for families for self-paid health insurance premiums  
 -estimated by using self-employed data  
 -revenue reduction to General Fund (as of 1996) \$100 million now, \$156  
 million next biennium  
 -notes actual impact would be higher since more than self-employed would be  
 included  
 -2nd option to estimate credit limited to individuals under certain income  
 level  
 -\$1,200 maximum credit for individuals with AGIs under \$35,000 per year,  
 and \$2,400 for families with AGIs under \$60,000 per year  
 -revenue impact \$46 million now, and \$72 million next biennium  
 311 Chair Schoon -conducts administrative business  
 -adjourns meeting at 10:25 am

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. HB 2255, Bender, Revenue Impact, 3/14/95
- B. HB 2256, Bender, Revenue Impact, 3/14/95
- C. HB 2257, Bender, Manpower Dentist Report, 5/11/94
- D. HB 2064, Brawner, OLTC Report Reserved Projects, 3/14/95

E. LC 3830, Bender, 3/14/95  
F. LC 3831, Bender, 3/13/95  
G. HB 2255, Bender, Pollution Control Credit by Year, 3/14/95  
H. HB 2255, McPhail, Written Testimony, 3/14/95  
I. HB 2256, Bender, Fiscal Impact, 3/10/95