

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 2891, 2642
Tapes 139 A & B, 140 A
Invited Testimony HB 3351

House Committee on
State and School Finance
March 31, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

MARCH 31, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Ron Adams
Rep. Lee Beyer
Rep. Tony Federici, Vice Chair (left at 8:55 am)
Rep. Tim Josi (left at 8:55 am)
Rep. Jane Lokan
Rep. Anitra Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Sen. Phillips, District 4
Charles Stern, Yamhill County Clerk
BJ Smith, League of Oregon Cities
Jim Manary, Department of Revenue

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

TAPE 139 SIDE A

004 Chair Schoon -calls the meeting to order at 8:30 am and conducts administrative business
-ANNOUNCES NO PUBLIC HEARING ON HB 3351

HB 3351

009 Sen. Phillips -summarizes concept contained in HB 3351 as:
-gives immediate tax cut over \$1 billion in next 5 years
-funds Oregon Health Plan
-extends cigarette tax
-explains personal history of advocacy for businesses
-cites frustration with Oregon tax policy
-mission to place taxpayer as #1 special interest
-cut taxes, clean up tax codes
-crux is .5% tax cut with cost of \$278 million, to reach it must repeal

kickers-[kicker defined: "the 2% surplus kicker gives taxpayers an income tax credit if actual revenue comes in more than 2% higher than it was forecast at the time the budget was adopted." (Research Report, 1/90, May 17, 1990)]

Phillips-believes kicker is out of date and ineffective
-stresses higher tax cut of 1-2% would result in loss of essential services

186 Rep Strobeck -asks response to those who say retention of kickers constitutes tax increase

197 Sen. Phillips -agrees HB 3351 would be a tax increase
-if repealed this biennium net gain of \$41 million

224 Rep Welsh -declares present law should be abided by
-credibility would be a problem if kickers not returned
-will not be voting for this bill

248 All -questions and discussion

361 Rep. Adams -notes corporate tax rate is 6.6% since 1987
-requests comparisons of income tax, property tax shift, and all accumulative tax credits over several years

TAPE 140 SIDE A

018 Chair Schoon -summarizes process of drafting legislation
-no \$ available for school equity, may need to abandon idea this year

094 Chair Schoon -recesses meeting at 9:15 am

096 -reconvenes meeting at 9:45 am

-OPENS WORK SESSION ON HB 2891

HB 2891

100 Steve Meyer -summarizes bill, which contains changes in Board of Equalization Laws
-major change in -3 amendments (Exhibit K) does away with more than one Board of Ratio Review (BORR)
Charles Stern -explains change current law allows one BORR, amendment would retain that
123 Meyer -stresses bill has emergency clause which takes effect upon passage
130 -explains substantive changes
-3 amendments are new content for pages 3-8 of original bill
-eliminates multiple BORR
-other language changes
147 Stern -refers to Exhibit M, explaining Board of Ration Review
-pool dependent upon size of county and need, not to change composition of board or how members are appointed
239 Meyer -notes no fiscal impact, Exhibit L
247 Rep Beyer -MOVES ADOPTION OF HB 2891-3 AMENDMENTS
-THERE BEING NO OBJECTION THE CHAIR SO ORDERS
255 Rep Beyer -MOVES HB 2891 AS AMENDED BE SENT TO THE FLOOR WITH A DO PASS

RECOMMENDATION

ROLL CALL VOTE: MOTION PASSES 7-0, REPS. VOTING AYE: ADAMS, BEYER, JOSI, RASMUSSEN, STROBECK, FEDERICI, SCHOON. ABSENT: LOKAN, WELSH

269 Chair Schoon -OPENS WORK SESSION ON HB 2642

HB 2642

269 Meyer -summarizes bill, which is a retroactive leased property exemption
-refers to Exhibit N, proposed amendments
317 BJ Smith-explains -2 amendments are to correct law, so objective of previous legislature is served
-expresses support of bill
366 Jim Manary -notes if legislature had known the problems that would arise from former legislation, they would have drafted HB 2642
387 Rep Beyer -MOVES ADOPTION OF HB 2641-2 AMENDMENTS
-THERE BEING NO OBJECTION THE CHAIR SO ORDERS
399 Rep Rasmussen -MOVES HB 2642 AS AMENDED BE SENT TO THE FLOOR WITH DO PASS

RECOMMENDATION

ROLL CALL VOTE: MOTION PASSES 8-0, MEMBERS VOTING AYE: REPS.: ADAMS, BEYER,

JOSI, LOKAN, RASMUSSEN, STROBECK FEDERICI, SCHOON, WELSH, ABSENT: LOKAN

TAPE 139 SIDE B

022 Chair Schoon -asks Steve Meyer to request Rep. Mike Lehman carry to house

floor

-adjourns meeting at 10:10 am

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

A. HB 3351, Bender, -2 Proposed Amendments, 3/31/95
B. HB 3351-2, Bender, Staff Measure Summary
C. HB 3351, Bender, Revenue Impact, 3/31/95
D. HB 3351, Bender, Oregon Law Change, 3/28/95
E. HB 3351, Bender, Repeal Personal Kicker, 3/29/95
F. HB 3351, Bender, Income Tax History, 3/3/195
G. HB 3351, Bender, State Individual Income Taxes: Rates, 1993
H. HB 3351, Bender, 2% Kicker History, 3/2/95
I. HB 3351, Bender, Form 40N, 1989
J. HB 3351, Bender, State Cigarette Tax Rate Changes Since July 1, 1950
K. HB 2891-3, Meyer, Proposed Amendments, 3/31/95
L. HB 2891, Meyer, Fiscal Impact, 3/29/95
M. HB 2891, Stern, Oregon Association of County Clerks
N. HB 2642-2, Meyer, Proposed Amendments, 3/28/95