

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, 2256, 2257, 2259
Tapes 172-174 A & B, 175 A

House Committee on
State and School Finance
April 19, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

APRIL 19, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Lee Beyer
Rep. Tony Federici, Vice Chair
Rep. Tim Josi (excused at 5:00 p.m.)
Rep. Jane Lokan
Rep. Anita Rasmussen (5:15 p.m. excused late arrival)
Rep. Ken Strobeck
Rep. John Watt
Rep. Jim Welsh (5:35 p.m. excused late arrival)

Witnesses Present: William Bree, Department of Environmental Quality (DEQ)
Brent Gunderson, Oregon Solar Industries Association
Karen Whitaker, Oregon Health Sciences Office of Rural Health
Bob May, CASA of Oregon
Peter Grundfassen, Association of Oregon Housing Authorities
Frank Brawner, Oregon Banker's Association

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

TAPE 172 SIDE A

004 Chair Schoon -calls the meeting to order at 8:40 am and conducts administrative business
-OPENS WORK SESSION ON HB 2257, 2259, 2255, 2256

034 Steve Bender -refers to Exhibit A, Amendments to Tax Credits Table
-refers to HB 2259-3, Exhibit B
-refers to HB 2255-21, Exhibit C, which replaces -17 amendments

157 -explains HB 2255 Amendments extends several sunseting tax credits and expands some
-explains changes proposed in amendments
HB 2255-2 repeals political contributions credit, but this issue will be pursued in HB 3160
-HB 2259-9 creates tax credit for hiring gang affected youth, entitled First Break Tax Credit
-revenue impact is \$1 million, this biennium, and \$2.9 million next biennium

Bender -amount of credit to employer equals up to \$1,000 for 2 year period or 50% of wages paid to youth, whatever is less
-refers to lines 12-16, HB 2259-9 Amendments (Exhibit J, 4/18/95) defining community-based organizations

288 -adds in addition to continuing to employ youth, employer must provide training with costs of \$400 or more to receive second year tax credit

356 All -questions and discussion re: training required for youth

388 Bender -explains tax credit program limited to no more than 1,500 two-year certificates at one time
-some things invalidate certificate (line 18, page 4) i.e. if youth unable or unwilling to find qualified work

TAPE 173 SIDE A

-bill limits maximum cost to \$3 million per biennium
-not refundable but has five year carry forward to employer
-page 6 and 7, section 25, program starts 1/1/96
-limits program to Multnomah County for this biennium only

026 Chair Schoon -explains organization in Portland is already working with this group of kids, decided to use them as testing ground
-Employment Division will be writing rules and implementing program

043 Rep Beyer -notes cap for three years per youth

058 Chair Schoon -expresses desire to not restrict program to only Multnomah

County

093 -asks Steve Bender to delete section 27, and redraft amendments, adding standard sunset clause, and adding review by next legislative session

130 Bender -informs technical changes will be made also

161 -HB 2255-10, (Exhibit K, 4/18/95) limits recycled plastics credit to 1994-95 levels, removes expansion to plastics research

-original bill allocated \$500,000 to smaller investments, amendments eliminates restriction, so no requirement that some of \$ be set aside for smaller groups

207 William Bree -assumes 1.5 million limitation will be reached easily, language in existing law has been useful to allocating funds to smaller investments, suggests keeping existing language in bill

237 Chair Schoon -asks members if they object to restoring language setting aside \$ for small companies

-no objections

245 Bender -notes limitations are on a calendar year basis

260 Bree -informs original legislation used calendar year

-sees no potential problems in shift to fiscal year

304 Chair Schoon -asks Steve Bender to change all language to biennial basis

394 Bender -notes research and development (R & D) not included in bill due to fiscal constraints

363 Chair Schoon -adds legislature may want to review next session, rather than 6 year cycle

368 Rep Strobeck -notes original goal to encourage technology has been achieved, so R & D not necessary

387 Bree -sees value in retaining new R & D proposal

TAPE 172 SIDE B

019 Chair Schoon -notes considering plastics research with other R & D

028 Rep Strobeck -reiterates desire to delete R & D provision

040 Bender -explains 2255-14 Amendments, (Exhibit L, 4/18/95) repeal extensions of sunsets, for business energy, alternative energy device, and energy conservation lenders credits

060 Brent Gunderson -explains why tax credit incentive necessary for solar technologies

-because of R & D, solar technology finally ready to apply in private businesses

-large subsidies given to electric companies

-notes 15 companies in Oregon full time with solar industry

-Oregon based incentive on performance, which has been an example for other states to follow

183 Bender -refers to Tax Expenditure Report, (Exhibit G, 2/28/95) page 114, extending sunset increases revenue to \$300,000 this biennium and \$2.7 million next biennium

-credit is taken by resident in year device installed, based upon energy savings device provides, \$1,500 maximum per dwelling

-by extending sunset, additional impact is not great

336 All -questions and discussion

354 Rep Welsh -welcomes Grange Members to meeting

TAPE 173 SIDE B

014 Rep. Adams -notes ways to decrease revenue impact to retain credit

057 Chair Schoon -discusses administrative business

-recesses meeting until 5:00 p.m.

-reconvenes meeting at 5:00 p.m.

069 Karen Whitaker -reviews -3 amendments to HB 2257-3, noting serious deficit in rural doctors

-notes administrative problems exist in allowing chronological basis, first come, first credited

168 Bob May -expresses concern that proposed amendments to HB 2259-1 sunset year-round farm-worker housing

376 Peter Grundfassen -asserts providing housing for low income farm workers is important

TAPE 174 SIDE A

007 Bender -informs HB 2255-14 allows business energy tax credits to sunset as scheduled

020 Mike Grainey -discusses limiting eligible costs to \$100,000 per project to continue to work with businesses and various types of technologies

-refers to Exhibit H, Year by Year Summaries

061 Rep Beyer -notes programs have saved to date same energy \$ as has been invested in Business Energy Tax Credit

113 Bill Nesmith -comments businesses using tax credit-can issue credits against \$40 million in project costs per year

166 Grainey -explains pass through

-instead of taking credit over five years, business can take \$ up front, then utility takes credit over five years

-notes considering limiting pass through to control costs on program

185 Nesmith -explains pass through has been mainly used for rental weatherization projects

193 Grainey -informs pass through projects have never been over \$100,000

211 -refers to Exhibit D, Oregon Department of Energy Attachment

251 Nesmith -informs cap already exists for no more than \$2 million in eligible project costs

296 Frank Brawner -refers to HB 2064 A

-Affordable Housing Tax Credit provides 4% tax credit to lending institution, then is passed along as reduction in interest rate

-proposes moving from number of loans to actual \$ amount

-explains conversion and cap have always been below amount allocated due to determination by amount of loans

366 Bender -refers to 2064-2, amendments, Exhibit V, 4/18/95

-amount used in prior biennium, full \$57 million is now loaned out, credit is = to 4%, or \$2.28 million per year

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011 Brawner -agency wants to convert to credit rather than \$ amount

036 Bender -explains credit given each year

-if can't be used in a particular year by tax payer, it can be carried forward, each carry-forward is separate on year to year basis

-bill continues 15 year carry-forward

064 Brawner -affirms five year carry forward is sufficient

072 Chair Schoon -asks Rep. Welsh, Rep Lokan, and Steve Bender to work with Mr. Brawner on studying carry forward
098 Bender -refers to Karen Whitaker's suggestions on HB 2257-3 amendments, (Exhibit Q, 4/18/95)
113 Chair Schoon -explains motive of amendments was to limit \$ without eliminating programs
143 Bender -in future no more than 800 people can be certified in tax credit program at one time
-any remaining slots available only if existing Dr. becomes ineligible
-explains chronological order would be used to determine who fills open slots
170 Chair Schoon -recommends allowing rural medical agencies to determine needs of given area, providing more flexibility
182 Bender -notes Karen Whitaker proposed alternatives for physicians limiting credit to primary care and general surgery, rather than specialists
-explains in 1993 statistics 744 providers, of these 555 were physicians, 39 physician assistants, 109 nurse practitioners, and 39 anesthetists
236 Rep Beyer -suggests adding language so that rural office would establish needs on need basis
245 Chair Schoon -agrees that flexibility to ascertain quotas within region as well as categories is important
-asks Rep Beyer to work on amendment with Karen Whitaker
269 Bender -relays Whitaker's suggestion to pro-rate part time credit according to hours worked
301 Chair Schoon -accepts Rep Rasmussen's offer to work on amendment in Rep Beyer's place
-adjourns meeting at 6:20 p.m.

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

- A. Tax Credits, Bender, Amendments to Tax Credit Bills, 4/19/95
 - B. HB 2259-3, Bender, Proposed Amendments, 4/18/95
 - C. HB 2251, Bender, Proposed Amendments, 4/19/95
 - D. HB 2255, Nesmith, Business Energy Tax Credit Information, 4/17/95
 - E. HB 2257, Bender, Proposed Amendments, 3/14/95
 - F. HB 2257, Oregon Dental Association, 1994 Oregon Towns Without Dentists
- Report
- G. HB 2259, Miller, Child Development Program Tax Credits, 2/15/95
 - H. HB 2255, Grainey, Year-by-Year Summaries