

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 HB 2064 A, 2255, 2256, 2257, 2259, 3160, 2261
Tapes 190-193 A & B, 194 B

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

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

APRIL 27, 1995 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair
Rep. Lee Beyer
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. John Watt
Rep. Jim Welsh

Witnesses Present: Carolyn Young, Department of Environmental Quality (DEQ)
John McCulley, Agriculture Coop Council

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

TAPE 190 SIDE A

007 Acting Chair Federici -calls the meeting to order at 8:30 am and conducts administrative business
-OPENS WORK SESSION ON HB 2064 A, 2255, 2256, 2257, 2259, 3160, 2261

006 Steve Bender -refers to Exhibit A, Revenue Impacts of Tax Credit Proposals

044 Chair Schoon -OPENS WORK SESSION ON HB 2256
HB 2256
-refers to Exhibit B, Revenue Impact of HB 2256-5

081 Bender -refers to 2256-6 Proposed Amendments, Exhibit C
-replaces existing language reforestation and research activities, add those to 2255, and replaces with First Break Tax Credit only
-substantive changes:
-no longer limited to Multnomah County, but instead statewide
-program now has sunset of December 31, 2001
-page 7, section 5, requires Employment Department Report presented to next legislative assembly to analyze revenue impact

Bender -notes Exhibit B is mis-labeled, and is actually HB 2256-6
-notes revenue impact is \$800,000 in 1995-97 biennium

199 Chair Schoon -MOVES ADOPTION OF HB 2256-6 AMENDMENTS

200 All -discussion of purpose of moving other tax credits into other bill

221 Chair Schoon -responds attempts to match up relating clauses

237 Rep Welsh -expresses concern for not caring for pollution credits

248 Rep Strobeck -asks if limitation section removal accomplished purpose of making bill statewide

253 Rep Beyer -expresses Fresh Start tax credit is business-related, so appropriate for HB 2255

280 Vice Chair Federici -expresses concern statewide provision for gangs spreads \$ too thin

289 Chair Schoon -responds committee discussed need to begin program statewide
-notes desire for Employment Division to begin in Multnomah County where program is already in place

331 Rep Lokan -would like to include language "metro area" as legislative intent

360 Chair Schoon -cites example of gang resolution by providing jobs in Independence

380 Rep Watt-asks if implementation would be at expense of pollution control

credits
389 Chair Schoon -answers desire to raise money through tax credits by
practicing good policy
TAPE 191 SIDE A
011 Vice Chair Federici -MOVES ADOPTION OF HB 2255-6 AMENDMENTS
015 Rep Beyer -objects
ROLL CALL VOTE: MOTION PASSES 8-1, MEMBERS VOTING AYE: JOSI, LOKAN,
RASMUSSEN, STROBECK, WATT, WELSH, FEDERICI, SCHOON. MEMBERS VOTING NAY:
BEYER
020 Chair Schoon -MOVES HB 2256 AS AMENDED TO THE FLOOR WITH A DO PASS
RECOMMENDATION
035 Rep Watt-expresses concerns with bill
040 Chair Schoon -suggests voting for motions and proposing possible
reconsideration
049 Rep Welsh -expresses concern to not put proven programs at risk for a
pilot program
-SERVES NOTICE OF RECONSIDERATION
077 Rep Josi-recommends Chair Schoon for efforts at investing in gang problem
121 -ROLL CALL VOTE: MOTION PASSES 9-0, MEMBERS VOTING AYE: BEYER, JOSI,
LOKAN, RASMUSSEN, STROBECK, WATT, WELSH, FEDERICI, CHAIR SCHOON.
125 Rep Rasmussen -informs amendments will be ready April 28 for political
tax credit, so will hold HB 3160 until then
173 Chair Schoon -explains HB 2255 includes R & D alternative, reforestation,
recycled plastics, alternative energy device, pollution control
-HB 2257 includes rural medical, bone marrow, child development, migrant
housing, low income housing
219 -calls for stand-at-ease
243 -reconvenes meeting
HB 2257
258 Bender -discusses rural medical practice credit
-discusses alternative to new applicants in 1995 or thereafter eligible for
maximum \$4,000 credit, instead of \$5,000
310 Chair Schoon -recesses meeting at 9:05 a.m.
-reconvenes meeting at 9:50 a.m.
337 Bender -refers to Exhibit D, Tax Credit Proposals
HB 2255
344 Chair Schoon -explains currently business has to complete project then
apply for pollution control credit, amendment provides optional
pre-certification
367 -discusses sunset problems, committees review credits without background
-notes six year sunset would require all new legislators to deal with
credits
TAPE 190 SIDE B
009 Chair Schoon -suggests a four year sunset to resolve problem of lack of
knowledge
031 Bender -reviews new possible amendment to reduce amount of credit for
most facilities from 50% to 45% of cost, with increase of credit to 55% of
cost for facilities that reduce pollutants to no more than 95% of what is
allowed by law, and for facilities where there is no legal requirement to
control pollution
081 All -questions and discussion
120 Carolyn Young -informs for many pollutants there is no standard for
amount that can be emitted
-expresses approval of having industry meet with DEQ and describe
additional technology to receive credit
165 Kathryn VanNatta-haven't seen anything in writing so can't say if
beneficial
191 Chair Schoon -announces Governor plans to veto school funding bill
209 Bender -estimated revenue impact of change, assumed 20% facility costs
would qualify for higher rate, and 80% would qualify for lower rate,
causing impact of \$130,000 in this biennium and \$690,000 in next biennium
-allowing co-ops to take income tax credit generates revenue impact of
\$90,000 this biennium and \$70,000 next biennium
294 Chair Schoon -expresses discomfort with election being irrevocable with
each project
305 John McCulley -informs underground storage tanks with petroleum
facilities, feed manufacturing facilities are most common for pollution tax
credits
Tillamook Creamery is non-exempt co-op, but have very small amount taxable
389 Rep Strobeck -asks if language can be deleted
TAPE 191 SIDE B
004 Bender -effect would be election would be irrevocable
074 Chair Schoon -recesses meeting until 3:30 p.m.
075 -reconvenes meeting at 3:35 p.m.
Chair Schoon -OPENS WORK SESSION ON HB 3160
HB 3160
081 Rep Rasmussen -notes -3 amendment would refer political tax credits to
approval of next state-wide general election
-informs -6 amendments focuses tax credits into alignment with Measure 9
campaign spending limits with state and legislative candidates, then
contributors can take credit
-eliminates ballot measures, Political Action Committees (PACs), political
parties, focuses on candidate alone
-explains -5 amendments federal, state, or local credit preserved also
143 Chair Schoon -summarizes -3 is referral
-6 limits to candidates
-4 amendments don't need to be distributed
198 -OPENS WORK SESSION ON HB 2256, 2257, 2258, 2064, 2255
253 Bender -refers to Exhibit D, Tax Credit Proposals
-describes restrictions eligibility for business energy tax credits (#3)
3:50 p.m. members present : Schoon, Loka, Federici, Rasmussen, Beyer,
Strobeck
317 All -members suggest various levels to ratchet down on the eligibility
discussion
339 Rep Strobeck -"this kind of credit has outlived its usefulness .. in

terms of what is happening this session... ."

346 Rep Rasmussen -disagrees, "the goal of the BETSY is ... reducing energy use and keeps .. from having to go through the process of new general plants...."

372 Vice Chair Federici -views the BETSY in terms of scale
397 Rep Strobeck -continues supporting his views (*meter 339)

TAPE 193 SIDE A

001 Rep Rasmussen -suggests a combination of the BETSY
005 -discussion of positive and negative effects of the BETSY

Rep Strobeck
010 Chair Schoon -will vote on these issues when members receive the actual amendments

021 Bender -reviews Exhibit D (#4) alternative energy device tax credits
026 Chair Schoon -discusses the terms of his willingness to discuss this issue

All -general discussion
048 Chair Schoon -instruction to staff
062 Rep Strobeck -discusses lack of support for continuing alternative energy device tax credit
Rep Beyer leaves at 4:05 p.m.

075 Bender -discusses possibility of eliminating hot tub, swimming pool hot water heating alternative energy device

087 Rep Rasmussen -effort is to broaden out where energy comes from
All -general discussion of curtailing or encouraging energy use

112 Bender -reviews Exhibit D, #5, energy conservation (SHOW) lenders credit
-no amendments to change are being drafted, only to extend

131 Bender -reviews Exhibit D, #6, geothermal heating system connections credits

-included in HB 2255, and recommendation is not to extend
141 -reviews Exhibit D, #7, research and development credits
-language is found in HB 2256
-questions and discussion interspersed
-items B-E do require amendments, reviews intent of amendment language

Rep Josi arrives at 4:15 p.m.

-questions and discussion interspersed
183 Bender -reviews Exhibit D, #8, alternative R & D credit
-language found in HB 2256

-amendments are being drafted as listed
193 -reviews Exhibit D, #9, reforestation credit
-language found in HB 2256

-amendments are being drafted as listed
-questions and discussion interspersed
221 -reviews Exhibit D, #10, rural medical practice credit
-language found in HB 2257
-amendments are being drafted as listed
-questions and discussion interspersed

263 Rep Rasmussen -disagrees with prorating dental time
270 Vice Chair Federici -supports prorating dental time

282 Rep Strobeck -supports prorating dental time
288 All -discussion

306 Chair Schoon -is not comfortable with whole issue of rural medical practice credit

-has been successful in attracting practitioners
-does not know need to continue
-uncomfortable with changing demographics
-supports a 2-year sunset no matter what the committee decides

333 Rep Strobeck -agrees with 2-year sunset
349 Chair Schoon -continues discussion of 2-year sunset on the whole of rural medical practice credit
-some appeal to limit to just primary care in terms of limited \$s

All -questions and discussion

TAPE 194 SIDE A

001 Bender -staff clarification of amendment intent in 2-year sunset
008 -reviews Exhibit D, #11, involuntary mobile home move credit
-language found in HB 2259

-amendments being drafted as listed
All -questions and discussion

030 Chair Schoon -notes lack of data available to show usage of credits
All -discussion

Rep. Josi leaves at 4:30

056 Bender -reviews Exhibit D, #112, bone marrow transplant credit
Bender -current language found in HB 2257

-amendments being drafted as listed
-questions and discussion interspersed

071 Vice Chair Federici -opposes amendments - feels that amount is too low
-opposes sunset

079 All -questions and discussion

093 -reads language in HB 2257 regarding typing costs

113 Bender -reviews Exhibit D, #13, child development program contributions credit

language found in HB 2259

Members present at 4:40 p.m.: Lokan, Schoon, Federici, Rasmussen, Strobeck
HB 2259

134 Rep Lokan -provides members with a summary of the program, Exhibit E
-discusses summary

-supports continuing with a possible cap

169 Bender -reviews usage of the program (Exhibit E, page 3 & 4)
-suggests Department of Education (DOE) calculate the average received per year since established and suggests that figure to be about 60,000

206 Rep Lokan -suggests a cap of 60,000 per year pending further information

from DOE

217 Bender -clarifies figures

228 Chair Schoon -notes currently there is no cap

234 Rep Lokan -continues discussion of the program benefits

243 Bender -reviews Exhibit D, #14, farmworker housing construction and loan credits

-clarifies these are 2 separate credits

-language found in HB 2259

-reviews amendments being drafted

278 Chair Schoon -notes further information will be provided members
-summarizes discussion held on credits so far
296 -notes committee work scheduling for the day and through the next week
-questions and discussion
341 Bender -reviews Exhibit D, #18, pollution prevention program
HB 2255 -language in HB 2255-24
-reviews amendments being drafted
390 Vice Chair Federici -discusses the intent of this program
TAPE 193 SIDE B
015 Chair Schoon -adjourns meeting at 4:55 p.m.

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

A. Tax Credits, Bender, Revenue Impact of Tax Credit Proposals, 4/27/95
B. HB 2256, Bender, Revenue Impact, 4/27/95
C. HB 2256, Bender, -6 Proposed Amendments, 4/26/95
D. Tax Credits, Bender, Tax Credit Proposals, 4/25/95
E. Student Parent Tax Credit, Lokan, 4/21/95
F. HB 2259, Bender, -6 Proposed Amendments, 4/25/95