

Work Session HB 2058 Public Hearing and Work Session HB 2438 HB 2057, HB 2177,
HB 2240, HB 2245, HB 2614 Tapes 46-47 A/B

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME
TAXATION

MARCH 5, 1993 9:00 AM HEARING ROOM 343 STATE CAPITOL
BUILDING

Members Present: Representative John Schoon, Chair
Representative Ron Adams
Representative Tony Federici
Representative Delna Jones, Ex Officio
Representative Gail Shibley
Representative Greg Walden
Witnesses Present: Randy Evers, Department of Revenue (DOR)
Don O'Meara, Department of Revenue
Donna Fausner, Associated Oregon Industries (AOI)
Betsy Bailey, Associated Oregon Industries
Bart Thielges, Forest Research Laboratory, Oregon State University (OSU)
Steven Gray, Beaverton School District
Gil Riddell, Association of Oregon Counties (AOC)
Craig Hanneman, Willamette Industries
Lincoln Cannon, Oregon Forest Industries Council (OIC)
Staff: Richard Yates, Legislative Revenue Office
Mary Gottlieb, Committee Assistant

TAPE 046 SIDE A

001 CHAIR SCHOON called the meeting to order at 9:18.
009 CHAIR SCHOON opened the work session on HB 2058.
010 DICK YATES recapped for the committee what action had taken place and
the decisions yet to be made.
Questions and discussion.
099 RANDY EVERS (with DON O'MEARA) stated that DOR has felt all along that
the cost basis was the correct method under the law and that is reflected
in Amendment 8. If the committee chose to provide a relief provision, then
DOR would support Amendment 7.
Questions and discussion.

These minutes paraphrase and/or summarize statements made during this
meeting. Text enclosed in quotation marks report~ the speakers exact words.
For complete context of proceedings, please refer to the tape recording.
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130 DICK YATES offered an explanation of Amendment 7 and what the revenue
loss would be.
159 DONNA FAUSNER (with BETSY BAILEY) stated that the hardship on taxpayers
would be great. The biggest concern is the issue of double taxation when a
foreign subsidiary is sold.
Questions and discussion.
TAPE 047 SIDE A
001 Discussion continues with DONNA FAUSNER and BETSY BAILEY.
Questions and discussion.
034 CHAIR SCHOON closed work session on HB 2058.
056 CHAIR SCHOON opened public hearing on HB 2177.
060 BART THIELGES testified in support of HB 2177. This harvest tax helps to
fund the research at OSU by paying the staff's salaries of the laboratory.
Discussion and questions.

267 CHAIR SCHOON closed the public hearing on HB 2177.
251 CHAIR SCHOON opened the public hearing on HB 2438.
256 STEVEN GRAY spoke in opposition to HB 2438. Beaverton School District's loss would be equal to the same 5.18 percent of lost revenue from severance taxes even though it has no timber. Translated into budget terms, this would lower the district's revenue by almost \$500,000.
Questions and discussion.

TAPE 046 SIDE B

001 Discussion continues with STEVEN GRAY.

080 GILL RIDDELL testified in opposition of HB 2438. He stated that any reduction in the yield tax or land tax to industry will shift the tax burden to nearby homeowners and other taxpayers.
Questions and discussion.

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179 CRAIG HANNEMAN testified in support of HB 2438. The only crop in the state that is taxed is timber, and the industry's proposal of the land values will demonstrate that they will remain substantially higher than equivalent resource land used for agriculture.

Discussion and questions.

275 LINCOLN CANNON presented Exhibit 6, Reduction in Forest and Total Assessed Value under HB 2438. Land values have tended to be relatively stable and they do not mimic stumpage and log markets. In other words, they do not tend to vary as dramatically.

Questions and discussion.

TAPE 047 SIDE B

001 Discussion continues with CRAIG HANNEMAN and LINCOLN CANNON with regard to HB 2438.

028 STEVEN GRAY stated that, in order to come up with the same amount of money for schools, he suggests that the loss in severance taxes be added to HB 5003.

039 CHAIR SCHOON adjourned the meeting at 10:43 a.m.

Mary Gottlieb, Committee Assistant

Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Proposed Amendments to HB 2058-7, Dick Yates, Legislative Revenue Office.
2. Proposed Amendments to HB 2058-8, Dick Yates, Legislative Revenue Office.
3. HB 2058: Summary of Subcommittee Actions, Dick Yates, Legislative Revenue Office.
4. HB 2058, Steven Gray, Beaverton School District.
5. Reduction in Forest and Total Assessed Value Under HB 2438, Lincoln Cannon, Oregon Forest Industries Council.
6. HB 2245 - Forest Products Harvest Tax, Steve Jacky, Department of Forestry.

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