

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME
TAXATION

APRIL 7, 1993 8:00 AM HEARING ROOM 357 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: Sharon Walkinstik, Linn-Benton Food Share Lorie Jensen,
Lone Pine Farms
Elenore Phillips, Sweet Home Gleaners Inc.
Cindy McMurphy, Northwest Gleaning Coalition
Chuck Sheketoff, Oregon Human Rights
Coalition, Oregon Citizens' Coalition for Better Nursing Home Care, and
United Seniors of Oregon Craig Fischer, Department of Revenue (DOR) Paul
Warner, Executive Department
John Mullin, Human Services Coalition of
Oregon
Rich Peppers, Oregon Public Employees
Union
Robert Nosse, Oregon Student Lobby
Ellen Lowe, Ecumenical Ministries
Staff: Richard Yates, Legislative Revenue Office
Mary Gottlieb, Committee Assistant

TAPE 080 SIDE A

001 CHAIR SCHOON called the meeting to order at 8:10.
010 CHAIR SCHOON opened the public hearing on HB 2433.
018 SHARON WALKINSTIK testified that the Oregon Crop Gleaning Credit that
sunset on January 1, 1993, has provided an incentive to induce farmer's
cooperation with gleaning groups since it was first legislated in 1977.
Farmers have the satisfaction of knowing that they are contributing to
improving the quality of life in their community.
061 LORIE JENSEN testified in support of HB 2433. She pointed out the plight
of small farmers and the added burden of gleaning. She

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meeting. Text enclosed in quotation marks reports the speakers exact words.
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also offered an explanation of the difference between stand gleaning and
field gleaning.
266 ELENORE PHILLIPS added support for the gleaning tax credit. She feels
the gleaning is a self-help program for people who are willing to help
themselves and others. The tax credit is a vital link in helping rid hunger
in Oregon.
310 CINDY MCMURPHY testified that failure of this bill would hurt thousands

of Oregonians of low income because farmers would be less likely to donate fruits and vegetables. Gleaning helps to stop dependency on welfare, and children learn to be self sufficient.

Discussion and questions.

TAPE 081 SIDE A

001 Discussion continued with ELENORE PHILLIPS and CINDY MCMURPHY.

011 SHARON WALKINSTIK stated that gleaning is one the least costly steps we can take to stop hunger. The farmers will always have costs and if the gleaning groups had to reimburse the farmers, then the farmers would no longer have a tax deduction under federal law. Considering all the subsidies given to farmers over the years, this tax credit is the only one that encourages farmers to help lowincome families.

027 ELENORE PHILLIPS offered the advantages to helping the poor. Except for the tax credit for farmers, there are virtually no tax dollars used. Younger people learn to be self supporting, get training, and feel better about themselves.

036 LORIE JENSEN responded to a question by REP. SHIBLEY by stating that everyone is aware of rising labor costs, rising insurance costs, and rising cost of trying to keep within the state's guidelines. The farmers have to maintain certain standards even when the food is given away.

Discussion and questions.

080 CINDY MCMURPHY testified that this program does keep people off the welfare rolls and off food stamps, which in turn saves the state much more money than the tax credit costs.

096 REP. ADAMS, Acting Chair, closed the public hearing on HB 2433 and opened the work session on HB 2433.

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098 MOTION REP. SHIBLEY moved that the subcommittee send HB 2433 to the full committee with a do-pass recommendation.

DISCUSSION -

120 VOTEMotion passed 5-0. Ayes: REP. ADAMS, REP. SHIBLEY, REP. FEDERICI, REP. WALDEN, CHAIR SCHOON. Excused: REP. JONES.

128 REP. ADAMS, Acting Chair, closed the work session on HB 2433 and opened the public hearing on HB 3438.

130 DICK YATES offered an explanation on HB 3438.

194 CHUCK SHEKETOFF added his testimony in support of HB 3438 by stating that tax expenditures are provisions in the tax code; such as, exclusions, deductions, credits, and deferrals that are designed to encourage certain kinds of activities or to aid taxpayers in special circumstances. He stated that HB 3438 represents an aspect of tax reform that will not directly raise revenue, but indirectly will raise revenue for the state by finding government expenditures that no longer meet a public purpose.

Discussion and questions.

TAPE 080 SIDE B

001 Discussion continues with CHUCK SHEKETOFF.

035 CRAIG FISHER (with PAUL WARNER) presented the four steps that DOR would take to prepare this tax expenditure budget: 1) Specifically define tax expenditure and identify the tax code that would qualify as a tax expenditure, 2) Identify the data to be collected and initiate procedures

to collect information currently not collected, 3) Determine a methodology for forecasting expenditures, and 4) Evaluate the effectiveness of each tax expenditure and determine the extent to which the tax expenditure meets the original intent.

090 PAUL WARNER addressed the importance of the data collected by a tax expenditure. Some issues endorsed by most economists are base broadening policies and rate reductions. Some concerns are the cost involved and the legislative intent of the bill, specifically Section C.
Discussion and questions.

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148 JOHN MULLIN stated that one of the major concerns has been the actual and proposed cuts in human service programs due to insufficient revenue. His organization is working on tax reform to address these issues. They are supportive of the human impact statement, which takes a look at the effects of expenditures, and the investigation of tax credits.
Discussion and questions.

179 RICH PEPPER testified in support of HB 3438. He stated that the Tax Expenditure Report is a valuable tool to assist the legislature and other interested parties in making the best possible tax policy it can. The tax expenditure budget would focus on outcomes and benchmarks and improve the quality of public debate on tax issues.

243 ROBERT NOSSE stated that the examination of tax expenditures is an important step toward tax reform and revenue replacement. He believes that a comprehensive investigation on a regular basis would provide necessary information. This bill would enable state government to better determine which tax expenditures actually benefit the state.
Discussion and questions.

371 ELLEN LOWE offered her support for the tax expenditure report. She realizes that there are some risks because a number of the deductions relate to ministries. Her organization feels that one of the public's responsibilities is to try to encourage and support the purposes of government and community through tax policy, which enhances fairness and equity for all citizens.

TAPE 081 SIDE B

001 ELLEN LOWE continued her testimony.

Discussion and questions.

023 REP. ADAMS closed the public hearing on HB 3438.

028 REP. ADAMS, Acting Chair, adjourned the meeting at 9:35.

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Mary Gottlieb, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. HB 2433, Sharon Walkinstik, Linn-Benton Food Share.

2. Gleaners Tax Credit for Farmers, Lorie Jensen, Lone Pine Farms.
3. HB 2433, Elenore Phillips, Sweet Home Gleaners Inc.
4. HB 2433, Cindy McMurphy, Northwest Gleaners Coalition.
5. Testimony of Rich Ronde (HB 2433), Cindy McMurphy, Northwest Gleaners Coalition.
6. Testimony of Chuck Sheketoff, Chuck Sheketoff, Oregon Human Rights Coalition, Oregon Citizens' Coalition for Better Nursing Home Care, Oregon Human Rights Coalition, and United Seniors of Oregon. (HB 3438)
7. Testimony in Support of HB 3438, Rich Pepper, Oregon Public Employees Union.
8. Testimony in Support of HB 3438, Robert Nosse, Oregon Student Lobby.
9. Fiscal Analysis of Proposed Legislation, HB 3438, Fiscal Office.
10. Testimony by United Way of the Columbia-Willamette, John Mullin, Human Services Coalition.

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