

Informational: Tax Credit Priorities
No Tapes
(Note: Meeting is
referenced by time)

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME
TAXATION

APRIL 8, 1993 8:00 AM HEARING ROOM 170 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
Members Excused: Representative Gail Shibley
Staff: James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Mary Gottlieb, Committee Assistant

8:26 CHAIR SCHOON called the meeting to order.

8:30 CHAIR SCHOON conducted administrative business. He stated that the
committee may decide to discuss tax credits during the interim.

REP. ADAMS suggested examining just a few of the credits, perhaps ones that
had not been examined recently.

CHAIR SCHOON lead the discussion on pollution and political tax credits. He
stated that some of the credits were unfamiliar.

8:40 JAMES SCHERZINGER began his testimony with Control from Tax Credit and
Exemption Questions, Exhibit 1, February 11, 1993. Control is crucial
because some costs grow rapidly. Therefore, a cap and sunset date are
important.

JAMES SCHERZINGER moved to Equity, another significant issue because the
incentive may be greater for some income groups and benefit other groups.
Administration is also a concern because there may be more than one agency
involved, there might not be adequate funding, and there would have to be
standards or rules. Also, there should be a periodical review to prepare
tax expenditure budgets and decide which exemptions would be sunsetted.

JAMES SCHERZINGER suggested the committee focus on the more important tax
credits and leave the others for the interim.

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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JAMES SCHERZINGER said that staff could prioritize the credits for the
committee. A long report on property tax already exists. However, he was
reluctant to obligate the staff to any long-term commitment because he felt
that the staff should remain flexible.

CHAIR SCHOON stated that, in the meeting yesterday, April 8, he was very
impressed with the gleaners. He felt this program gave people who otherwise
would have been on welfare a sense of worth. CHAIR SCHOON also stated that
energy credits are not to save energy but to continue research for
manufacturers. He felt that, early in the process, an idea should be tested
to verify that it is worthwhile so as not to waste time and money.

9:00 JAMES SCHERZINGER reiterated that his earlier statements included property tax, as well as income tax. State income credits amount to approximately \$50 million.

CHAIR SCHOON started a discussion on the sewer hookup tax credits. It start in Multnomah County and has spread to other areas.

JAMES SCHERZINGER stated that, since the federal government does such an extensive investigation of tax credits, perhaps the committee would not need to examine the income tax credits tied to the Internal Revenue Service (IRS).

CHAIR SCHOON thought that all the credits for income could be lumped together.

REP. ADAMS suggested that the committee eliminate the credits tied to the IRS and credits that have sunset dates after 1995. That would still leave a significant number of credits for their examination.

CHAIR SCHOON stated that the remaining credits could be examined during the interim. Their immediate task is to make recommendations to the full committee.

9:15 CHAIR SCHOON turned to Exhibit 5, Summary of Personal and Corporate Income Tax Credits, from February 10, 1993. The committee members went through the list and identified the credits needed to be examined: dependent care necessary for employment, rural medical practice, sale of personal residence, home care of elderly person, energy conservation facility, dependent care

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assistance, fish screening devices, fish gleaning, fish habitat improvement, qualified research activities, qualified research activities, and low income loans.

9:30 CHAIR SCHOON identified four of the credits as "Now Credits" and directed staff to gather information about them so that the committee can start with those issues.

CHAIR SCHOON related that he had a meeting with forest industry with regard to the forestry bills before the committee and expressed his concern about the fiscal impact of these bills. He felt that enough votes to pass the house was remote. He suggested that industry make adjustments to the bills and bring them back before the subcommittee next week.

9:45 CHAIR SCHOON adjourned the meeting.

Mary Gottlieb, Committee
Assistant

Kimberly Taylor, Office
Manager
NO EXHIBITS

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