

PublicHearingHB 3001, HB 3081,HB 3301
Tapes 84-86 A/B
87 A
HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME TAXATION

APRIL 14, 1993 8:00 AM HEARING ROOM 174 STATE CAPITOL
BUILDING

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Members Present:Representative John Schoon, Chair (8:~5
arrive,

9:42 departure)

Representative Ron Adams

Representative Tony Federici

Representative Delna Jones, Ex Officio

Representative Gail Shibley

Representative Greg Walden

Witnesses Present: Lollie Champion, American Cancer Society

Lee Smith, Oregon Breast Cancer Coalition

Lauren L. Moughon, Women's Rights Coalition Jane Moore, Department of Human
Resources

Jim Manary, Department of Revenue (DOR)

Cindi Chinnock, Department of Revenue

Leonard Powers, Oregon Society of Certified Public Accounts (OSCPA)

Gary Carlson, Associated Oregon Industries (AOI)

Staff: Richard Yates, Legislative Revenue Office

Mary Gottlieb, Committee Assistant

TAPE 084 SIDE A

001 REP. FEDERICI, Acting Chair, called the meeting to order at 8:10.

010 REP. FEDERICI opened the public hearing on HB 3081, which creates a
Breast Cancer Education and Services Fund as a subaccount of Department of
Human Resources Account.

017 LOLLIE CHAMPION testified as a breast cancer survivor. Monies from
HB 3081 would not only fund a statewide education program, but also help in
preparing and presenting information for the grant process for expanded
education programs and greatly needed medical research programs in the
State of Oregon.

Discussion and questions.

104 LEE SMITH related to the committee that last year 520 women died from
breast cancer and 2,000 more were diagnosed. That means that 10 women a
week die from breast cancer. Since early detection

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meeting. Text enclosed in quotation marks reports the speakers exact words.
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is the best way to save lives, it is vitally important that women be
educated of this fact. Delayed treatment can result in an otherwise
avoidable death or mastectomy. The public needs new ideas and new
approaches to address this epidemic.

183 LAUREN MOUGHON testified in support of HB 3081 and believes that this
checkoff is a small price to pay when we consider the treatment costs, lost
productivity, and pain involved in treating advanced breast cancer. If only

one case is caught in the early stages due to this program, the bill will have paid for itself in productivity and possible medical costs to the state.

233 JANE MOORE lent her support for HB 3081 because no one knows what causes breast cancer, so the disease cannot be prevented. Early detection can reduce death and disability. This bill will provide funds for educating Oregonians about the importance of regular breast exams, mammograms, and options for treatment once breast cancer is diagnosed.

288 LEE SMITH responded to a questions by REP. ADAMS that it is not uncommon for breast cancer to be misdiagnosed. Women have to take responsibility for being aware of the symptoms and what action needs to be taken. They cannot wholly rely on the opinion of one medical professional.

301 JANE MOORE stated that the quality of screening mammograms is below standard in this state. Technology in this field needs advancement.

332 LOLLIE CHAMPION was also misdiagnosed because her mammogram was not read correctly. Statistically, breast cancer is the most misdiagnosed disease in the country. Education of the medical community is the only way to combat this problem. At this time, mammogram reading is not required in most medical schools.

Discussion and questions.

399 LEE SMITH added that it is extremely important that women are educated. Women need to be examined by a physician, follow a mammogram schedule, and do a self examination regularly.

TAPE 085 SIDE

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001 Discussion continues with LEE SMITH, LOLLIE CHAMPION, and JANE MOORE.

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048 JIM MANARY testified that in 1987, the Checkoff Commission was established. The process is that groups come to the commission in the even numbered years and submit an application to the commission. The groups that are accepted to be on the form must, in two consecutive years, generate \$50,000. Since the checkoff page is full, it would cost \$35,000 to add a new page.

Discussion and questions.

159 JIM MANARY stated that collections (1990 and 1991) for Oregon were: nongame wildlife \$110,000 and \$94,000; child abuse prevention \$137,000 and \$118,000; alzheimers disease research \$75,000 and \$67,000; stop domestic and sexual violence \$62,000 (1991); AIDS/HIV education and services \$37,000 (1992).

Discussion and questions.

274 REP. FEDERICI, Acting Chair, recessed at 9:00 and reconvened at 9:25.

294 CINDI CHINNOCK spoke to the committee with regard to the Checkoff Commission. The commission's primary purpose is to evaluate applications of organizations that met certain criteria for participation in the Checkoff Program. There are five voting members with at least one new member every year. The commission must determine if an organization can make the minimum donation and if the organization fulfills a need for the state. After the evaluation, the commission prioritizes the organizations. In 1992, the commission approved Dornbecker Children's Hospital and Oregon Heat, which provides for elderly energy services, and both are waiting for space on the

form.

TAPE 084 SIDE B

001 CINDI CHINNOCK continued her testimony and offered examples of Form 40 and Form 40N for 1992.

Discussion and questions.

179 CINDI CHINNOCK responded to a question from REP. SHIBLEY by stating that the only way a charity can be eliminated is if that organization does not get the necessary \$50,000. If the HB 3081 should pass, the commission would have to add the breast cancer research to the form.

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213 DICK YATES commented that the checkoffs should be policed by the commission to determine if the charity's activities are within the approved goals. The main reason for the biennial meetings was for review by the legislature.

Discussion and questions.

320 REP. FEDERICI, Acting Chair, closed the public hearing on HB 3081.

325 REP. FEDERICI opened the public hearing on HB 3001, which grants a one time tax amnesty for tax liabilities due and payable on or before December 31, 1992.

346 LEONARD POWERS testified in support of HB 3001. He urged the committee to consider ways of raising revenue and without costing a great deal of money.

TAPE 085 SIDE B

001 LEONARD POWERS continued his testimony on tax amnesty. It is his belief that if all the nonfilers would comply, it would cover the national debt.

106 LEONARD POWERS stated that not all CPAs are tax experts and that the tax amnesty language is not effective. He believes that tax amnesty is a great idea and would solve many of the state's problems.

Discussion and questions.

228 LEONARD POWERS would like to see nonfiling individuals and corporations back into the revenue stream. There is a potential liability with companies that grow fast and eventually owe more taxes than their net worth. The real abusers are the people that fail to report income.

Discussion and comments.

359 REP. SCHOON complimented LEONARD POWERS for volunteering his time and ideas to help with the amnesty program.

TAPE 086 SIDE A

001 Discussion continues with LEONARD POWERS on tax amnesty.

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031 JIM MANARY gave background information on surveys done by the

University of Oregon that concluded that 80,000 Oregon residents were not complying with state law by not filing. Approximately 35 states have an amnesty program. In 1987, the legislature passed a bill for nonfilers but did not include amnesty. DOR conducted an intense program that resulted in revenue of \$30 million the first year and \$50 million in the second year. DOR also did an intensive review of allowances claimed on W-4 forms.

Discussion and questions.

209 JIM MANARY indicated that through misunderstanding or financial crisis, taxpayers find it hard to deal with any debts. There is no intent to avoid taxes. In dealing with corporations, the laws are different. Some corporations are located in the state and owe taxes in other states and some just do business within the state. After educating corporations as to the tax laws, DOR has very little trouble collecting taxes owed.

228 DICK YATES commented that the withholding for federal and state are not the same. The W-4 allows for the difference.

More discussion with regard to non compliance.

368 JIM MANARY feels that HB 3001 would not generate anymore nonfilers than the current program being used by DOR. The advertising could show a time period where the taxpayer could come forward, and DOR would lessen their taxes because they want that taxpayer back in the system. The states that have had the most successful amnesty programs had increased enforcement.

Discussion and questions.

TAPE 087 SIDE A

001 Discussion continues with JIM MANARY and LEONARD POWERS.

065 JIM MANARY stated that this amnesty program does not include on the underground economy (using cash to pay a person or corporation) leaving no paper trail. This person is very hard to locate and collect taxes.

Discussion continued with regard to underground economy.

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125 JIM MANARY stated that DOR follows up with complaints received from informers. DOR encourages people to report, however, the image produced is not attractive. Taxpayers who do not file are shifting the tax burden on residents who do file.

Questions and discussion.

179 JIM MANARY responded to a question by REP. SHIBLEY that it is unusual to find more than one taxpayer (not married) on a checking account.

However, the tax liability would go to the person whose social security number is on the account.

214 REP. FEDERICI, Acting Chair, closed the public hearing on HB 3001.

220 REP. FEDERICI opened the public hearing on HB 3301, which grants the Director of DOR authority to enter into agreements for settlement of tax deficiencies.

223 LEONARD POWERS testified in support of HB 3301. After receiving the deficiency, a taxpayer can wait for years before the issue comes before the courts. He feels that it is wrong for interest and penalties to accumulate for any length of time and that there should be a sunset date or time limit.

TAPE 086 SIDE B

001 LEONARD POWERS continued his testimony.

024 JIM MANARY responded to the statements of LEONARD POWERS by stating that there are two sides to every story and, historically, some corporation cases run rather long. DOR does not deliberately extend the solution to deficiencies in order to collect more interest and penalties from taxpayers, there is no pressure put on a hearing officer to change his/her mind, and the director can override a hearing officer. The appeal process is available to every citizen.

Discussion and questions.

131 JIM MANARY responded to a question by REP. SHIBLEY by stating that he would provide information on the percentage of cases that have been overturned or modified, where the director has disagreed with the hearing officer, and cases at the DOR that are over 12 months old.

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134 GARY CARLSON also testified about the length of appeals. Most taxpayers do not want to go to tax court, and there should be a reasonable length of time in processing an appeal. He believes that DOR should spend less time on appeals, particularly when there is a lot of money is at stake.

Discussion and questions.

351 REP. FEDERICI closed the public hearing on HB 3301.

369 REP. FEDERICI, Acting Chair, adjourned the meeting at 11:50.

Mary Gottlieb, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. HB 3081 - Tax Check Off for Breast Cancer, Lollie Champion, American Cancer Society.
2. Testimony Before the House Subcommittee on Income on House Bill 3081, Lee Smith, Oregon Breast Cancer Coalition.
3. House Bill 3081, Lauren L. Moughton, Women's Rights Coalition.
4. Breast Cancer Education and Services (HB 3081), Jane M. Moore, Department of Human Resources.
5. Oregon Individual Income Tax Return (Form 40N), Cindi Chinnock, Department of Revenue.
6. Oregon Individual Income Tax Return (Form 40), Cindi Chinnock, Department of Revenue.

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