

Public Hearing: HB 2829, HB 2911
HB 3387, HB 2585
HB 3451
Tapes 100-101
A/B

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME
TAXATION

APRIL 23, 1993 8:15 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
Representative Ron Adams

Witnesses Present: Representative Lee Beyer, District 42
Representative Avel Gordly, District 19
Geri Auerbach, Oregon Adoptive Rights Assoc.
Gary Conkling, Holt International Children's
Services
Marcia Latta, United Way
John Holley, Boys Scouts of America

Lorenzo Poe, Northeast Rescue Plan Action
Committee
Johnny Gage, Portland House of Imoja
Rodney Cook, YAUN/Clackamas Co. Youth Gangs
Task Force

Representative Dave McTeague, District 25
Representative Mary Alice Ford, District 8
Norman Penney, Former Gang Member
Jim Manary, Department of Revenue (DOR)
Andrea McBride, Rep. McTeague's Office
Richard Schoon, Golden Rule Insurance
Walter Crews, Non Commissioned Officers Assoc.
Gary Andeen, Oregon Independent Colleges
Organization

Robert Nosse, Oregon Student Lobby
Staff: Richard Yates, Legislative Revenue Office
Mary Gottlieb, Committee Assistant

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008 CHAIR SCHOON called the meeting to order at 8:15.

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These minutes paraphrase and/or summarize statements made during this
meeting. Text enclosed in quotation marks reports the speakers exact words,
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018 CHAIR SCHOON opened the public hearing on HB 2911, which allows a

deduction of personal income tax for medical expenses paid by adoptive parents on behalf of the biological mother of an adopted child.

019 REP. BEYER testified in support of HB 2911 stating that, because of finances, many people in Oregon are effectively excluded from adopting a child. This bill brings the kind of public policy that legislators should advocate and aggressively pursue, that is providing the opportunity and means with which to build a strong family.

086 CHAIR SCHOON closed the public hearing on HB 2911.

089 CHAIR SCHOON opened the hearing on HB 3451, which allows state income tax credit based upon wages paid to employ youth from disadvantaged families having income 70 percent or less of Bureau of Labor Statistics lower living standard.

091 REP. GORDLY testified in support of HB 3451. She stated that this bill will send a clear signal of support and some meaningful help to one of Oregon's most economically distressed areas. This bill would be an investment in prevention.

162 CHAIR SCHOON closed the public hearing on HB 3451 and opened the public hearing on HB 2911.

169 GERI AUERBACH supports HB 2911 because the bill would cover all medical expenses, including drug and alcohol treatment programs, counseling expenses, and pregnancy related conditions that occur within 90 days of birth. This bill also has a section that prohibits reimbursement of cost related to artificially assisted conception and infertility treatments.

230 GARY CONKLING added his support of HB 2911 by stating that the material benefit of adopting children be made available to families of low income. Often the adoptive parents are responsible for the biological mother's medical expenses, and these expenses often prohibit adoption for low income families.

Discussion and questions.

299 CHAIR SCHOON closed the public hearing on HB 2911 and opened the public hearing on HB 3451.

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325 MARCIA LATTA (with JOHN HOLLEY) provided information about the activities of United Way. One out of three people receive services from United Way funded agencies.

332 JOHN HOLLEY offered his support for HB 3451 by stating that some of the programs serving gang-related youth issues that would be funded by this bill are: Mainstream Youth Program, Boys and Girls Clubs of Portland, Urban League, Boy Scouts of the ColumbiaPacific, Insights Teen Parent Program, Outside In, and the Salvation Army.

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001 JOHN HOLLEY continued his testimony and stated that it is impossible to address the problem of gangs without reference to the declining labor force participation and earnings of young men.

024 LOLENZO POE testified that young people truly want to get out of gangs but the opportunities for employment are very few. Gang membership in the state has grown. The average cost in his program is \$2,400 to place a young man or woman in a job. Gang and drug activities generate an attractive income to a young person who can expect to earn no more than minimum wage.

060 JOHNNY GAGE stated that without any realization of employment, the

efforts of his group are useless because the gang activities can be more productive moneywise. Employment can sometimes mean a difference between life and death.

084 RODNEY COOK offered his support for HB 3451 and stated that employment is the backbone of keeping the youth out of gangs. His main objective is connecting businesses and youth. The tax credit for employers would be an incentive for more businesses to take part in the programs. In Clackamas County, his organization is beginning to see a rise in gang activities. He read a letter from Milwaukie Chief of Police which supported his organization.

Discussion and questions.

210 REP. MCTEAGUE offered his support for HB 3451 and stated that the 70 percent tax credit is based on the federal model. Participating businesses must be certified for the deduction. The federal program is deficient in two ways: the 14 to 15 year olds need summer employment and 16 and 17 year olds need after school employment. The tax credit bill would encourage the employment of gang-effected youth. Outreach workers can give the youth a chance without spending too many tax dollars.

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300 LOLENZO POE added that once a teenager gets involved in a job, they often return to school. This credit fills a gap not covered by federal programs.

Discussion and questions.

320 REP. FORD supported HB 3451 by stating that gangs are statewide and the problems are far worse and with far wider consequences than many believe. These gangs are primarily profit motivated and deal in profits made from selling drugs.

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001 Discussion continued with REP. FORD.

020 NORMAN PENNEY stated that he grew up without a job or purpose in life and took the wrong road. Once a person joins a gang, they have a hard time disassociating themselves. He is now a convicted felon on parole with no prospects of employment.

Discussion and questions.

066 JIM MANARY clarified the language in the bill concerning the definition of employer and limitation on the credit.

083 ANDREA MCBRIDE explained the language intent of the bill which would put the limit at \$6,000 per employee. This program fills in the two federal gaps that are missing. The Employment Division suggested moving the limit to \$3,000.

Discussion and questions.

162 DICK YATES related that the return would be "cleaner" if not divorced from the federal and allow the deduction. The amount of the credit could then be decided.

Discussion and questions.

204 CHAIR SCHOON closed the public hearing on HB 3451.

232 CHAIR SCHOON recessed at 9:27 and reconvened at 9:30.

240 CHAIR SCHOON opened the public hearing on HB 3387, which would authorize qualified individual medical accounts similar to "IRAs."

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250 RICHARD SCHOON testified that the average cost for a family of four, paid by the employer, is \$4,500. If an individual has a company or state medical plan, the tendency is to overuse the program. He gave an overview of the costs and the reduction of medical costs. Exhibit 8. This puts more responsibility on the insurer. He feels that this plan would cover 98 percent of the public. Medical procedure costs are rising every year and if a person's medical expenses were coming out of their account, they would investigate the costs of several medical facilities.
Discussion and questions.

TAPE 101 SIDE

B

001 Discussion continued with RICHARD SCHOON and HB 3387.

036 CHAIR SCHOON closed the public hearing on HB 3387.

041 CHAIR SCHOON opened the public hearing on HB 2585.

046 WALTER CREWS testified that the current law is restricted and this bill would adjust the wording of the law to be more effective should an emergency be declared.

Discussion and questions.

111 REP. FEDERICI, Acting Chair, closed the public hearing on HB 2585.

113 REP. FEDERICI opened the public hearing on HB 2829.

118 GARY ANDEEN stated the advantages of HB 2829, which authorizes personal and corporate tax credits for contributions to institutions of higher education or to formal community-based scholarships or student aid programs that are federally recognized charities. He feels that this credit is an added incentive for new donors. Other states have already allowed this credit and the results are gratifying.

Discussion and questions.

349 GARY ANDEEN responded to a question by REP. FEDERICI by stating that a credit, rather than a deduction, is a more attractive selling point. The state and local taxpayers spend a great deal of money on higher education. The burden would be less if donors could receive a credit.

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Discussion and questions.

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001 Discussion continued with GARY ANDEEN and HB 2829.

014 ROBERT NOSSE was undecided on his stand because he could see the advantages and disadvantages of the bill. He main concern is that this bill would siphon off needed money from the General Fund.

044 CHAIR SCHOON closed the public hearing on HB 2829.

046 CHAIR SCHOON adjourned the meeting at 10:11.

Mary Gottlieb, Committee Assistant
Kimberly Taylor Jame , Office Manager
EXHIBIT SUMMARY

1. Testimony of Lee Beyer on HB 2911, Rep. Lee Beyer, District 42. 2. Letter to the Committee in Support of HB 2911, Geri Auerbach, Oregon Adoptive Rights Association.
3. Testimony of Rep. Avel Gordly Re: HB 3451, Rep. Avel Gordly, District 19.
4. Testimony by United Way of the Columbia-Willamette and John Holley, John Holley, Boy Scouts of the Columbia-Pacific.
5. Exploring, John Holley, Boy Scouts of the Columbia-Pacific.
6. Testimony of Mary Alice Ford, Rep. Mary Alice Ford, District 8.
7. Medical Care Savings Accounts, Richard Schoon, Golden Rule Insurance.
8. Testimony on HB 2585, Walter Crews, Non Commissioned Officers Association of the United States of America.

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