

Work Session HB 2446 Tapes 4 A/B

5 A

HOUSE COMMITTEE ON

REVENUE AND SCHOOL FINANCE

SMALL BUSINESS SUBCOMMITTEE

JANUARY 28, 1993 10:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Greg Walden, Chair Representative Ron Adams
Representative Margaret Carter Representative Delna Jones

Witnesses Present: Jim Berneau, President, Willamette Valley Vineyards and
Willamette Valley Brewing Company David Efurd, CPA, Price Waterhouse

Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 5 SIDE A

005 CHAIR WALDEN called the meeting to order at 10:38 and conducted
administrative business.

018 JIM BERNEAU contributed insight to valuable ramifications of the
"founder's stock" exemption (HB 2446) for small business people in Oregon.
He believed more revenue would be raised than lost, through the
encouragement of investment and reinvestment, by exempting the gain on the
sale of "founder's stock."

Questions and discussion

182 DAVID EFURD stated he was a strong supporter of establishing business
in Oregon. He presented testimony from his handout in support of HB 2446.
Exhibit 1

Questions and discussion

272 DAVID EFURD suggested changes in HB 2446. The first was in relation to
requiring the second half of the capital gain on "founder's stock," which
would be required by HB 2446 to be

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invested in "educational, medical, or research and development and
activities." He believed this would discourage reinvestment of these funds
in small business in Oregon. He also asked that the "founder's stock" be
expanded to include not only spouses but other relatives. Exhibit 1

380 DAVID EFURD reminded the committee that if we don't promote business
investment through the founder's stock capital gain exemption, investors
will take their money and entrepreneurial skills out of Oregon. And he
stressed that once they have left they will not be back.

Questions and discussion

TAPE 5 SIDE A

002 Questions and discussion with DAVID EFURD continued concerning HB 2446
and his suggested amendments. Exhibit 1

050 REP. WALDEN expressed the Committee's concern of extending the
founder's stock capital gain exemption to a corporation that is based in
Oregon but does most of its activity outside the state.

075 REP. CARTER said she was not willing to sell Oregon's "Gold;" that is,
she wanted restrictive enough language to ensure that there would not be
corporations taking undue advantage of HB 2446.

124 DUNCAN WEISS spoke about the "Oregon Benchmarks." (see Exhibit 1,
1/22/93 for "Oregon Benchmarks")

190 DUNCAN WEISS discussed tax systems, using pages from a handout entitled
"Oregon Shines: An Economic Strategy For The Pacific Century." He believed
that Oregon's tax system is skewed in many ways, especially because it
discourages certain types of industry.

Questions and discussion.

235 REP. CARTER discussed the type of business that Oregon wants to attract. She said it was necessary to tie the "Benchmarks" to the type of job that must be encouraged in Oregon.

Questions and discussion

330 DUNCAN WEISS referred to page 3 of the "Oregon Benchmarks," and he discussed the need to provide enough revenue overall to fund

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These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording.

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programs. He urged the use of tax incentives to promote particular areas.

TAPE 4 SIDE B

004 Questions and discussion continued with DUNCAN WEISS.

045 CHAIR WALDEN adjourned the meeting at 11:37.

Paula K. McBride, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. A Discussion of House Bill 2446: "Founder's Stock", before the House Revenue Subcommittee on Business Issues, 1/28/93, David Efur, Price-Waterhouse.
2. Oregon Shines: An economic Strategy for the Pacific Century, Duncan Weiss, Executive Department.

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