

Public Hearing HB 2447
Tapes 6-7 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SHALL BUSINESS SUBCOMMITTEE
FEBRUARY 2, 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: Joe Gilliam, National Federation of Independent Business
Jim Craven, Oregon Advocates for the Arts Jane Meyers, Oregon Dental
Association Don Schellenberg, Oregon Farm Bureau Mike McCallum, Director of
Government Relations, Oregon Restaurant Association

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

TAPE 6 SIDE A

006 CHAIR WALDEN called the meeting to order at 10:35.

008 CHAIR WALDEN opened the Public Hearing on HB 2447.

012 JOE GILLIAM testified in support of HB 2447, which would provide a tax credit for health insurance premiums (100%) paid by small businesses and the self-employed. He discussed inequities in the Oregon tax system between health insurance provided by C corporations and S corporations. He related that about 25% of the members of his group cannot afford health insurance on themselves. He referred to a possible revenue impact (\$30 million first biennium, \$51 million the second biennium).

Questions and discussion

065 STEVE BENDER explained two exhibits to the members. The first was the reference to the Internal Revenue Code contained in HB

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244 7. The second was an explanation of how the current language in HB 2447 works, according to the Department of Revenue. Exhibits 1 and 2

Questions and discussion

274 STEVE BENDER provided data on the impact on taxable income from the current 25% credit on health insurance payments. The \$30 million figure (mentioned) above would be the difference between the old and new law (HB 244 7). He described how the revenue impact statement was derived.

Questions and discussion interspersed

329 CHAIR WALDEN outlined the issues members have with HB 2447. They were: income caps, a graduated tax, and a cap on the premium itself.

Questions and discussion

TAPE 7 SIDE A

002 Questions and discussion interspersed concerning tax entitlements for citizens in Oregon, an example of which is the health insurance tax credit contained in HB 2447.

044 JIM CRAVEN testified in support of HB 2447 on behalf of selfemployed artists in Oregon. He believed a credit for health insurance for the self-employed is of critical importance. He encouraged the members to explore the issue.

Questions and discussion

169 JANE MEYERS supported HB 2447 on behalf of dentists, especially those starting up a practice.

Questions and discussion

205 DON SCHELLENBERG testified in support of HB 2447 for his organization. He read from a handout given to the members. Exhibit 3

Questions and discussion

286 MIKE MCCALLUM discussed a group health insurance policy

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offered to restaurants, primarily to employees of the restaurant. The premiums range from \$122 with a \$500 deductible up to \$300 for a family. The Oregon Basic Health Plan is priced at around \$110, as outlined from SB 107 6 during the last Session.

Questions and discussion

322 JOE GILLIAM said the Oregon Basic Health Plan applies to businesses with from 3 to 25 employees. He explained other aspects of the Health Plan, and a variety of other costs.

Questions and discussion with JOE GILLIAM and MIKE MCCALLUM

390 CHAIR WALDEN conducted administrative business.

415 CHAIR WALDEN adjourned the meeting at 11:31.

Paula K.McBride, Committee Assistant

Kimberly Taylor, Officer Manager

EXHIBIT

SUMMARY

1. IRS Code, Code Sec. 162, 1354-1355, Steve Bender, Legislative Revenue Office.
2. Oregon Department of Revenue Publication 17 1/2, 1991 edition, Steve Bender, Legislative Revenue Office.
3. Testimony of Don Schellenberg, Oregon Farm Bureau, 1/28/93.

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