

Public Hearing: HB 2457
Tapes 09 A/B
10 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SNALL BUSINESS SUBCOMMITTEE
FEBRUARY 4, 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
Tom Lynch, Research Section, Employment
Division
Jerry Fisher, Hewlett Packard, American
Electronics Association

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

TAPE 9 SIDE A

008 CHAIR WALDEN called the meeting to order at 10:37.
009 CHAIR WALDEN opened the Public Hearing on HB 2457.
012 STEVE BENDER explained HB 2457, which would establish a tax credit for
employers who provide education and/or training for employees, specifically
for two types of programs: a quality improvement program and a training
program. He described these two programs.
074 STEVE BENDER pointed out the need to establish a limitation on the
amount of the credit established in HB 2457 (page 2, lines 16 and 29). He
explored the qualification procedure mentioned in HB 2457, Section 5, which
hasn't been completed. Section 6 has language depicting a "three year carry
forward," which he explained. January 1, 1994 is the beginning date
mentioned in Section 8. Sections 9 and 10 add this tax credit to other
language on uniformity in the Oregon Revised Statutes on business tax

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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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credits. He related that there is no revenue impact on HB 2457 at this
time.

122 REP. CARTER recommended that language be added to HB 2457 to tie the
bill to Oregon employees/taxpayers, and that the employers be based in
Oregon.

Questions and discussion

170 JOE GILLIAM said HB 2457 was developed with the Interim Revenue
Committee. HB 2457 addresses the issue of employers trying to keep people
on the job when technology changes. Instead of laying off people and
replacing them with others, retraining is preferable. He made suggestions

as to how such a program might be administered, and he said the double approval set out in Section 5 of HB 2457 was not necessary. He also suggested limiting the credit to some percentage of the cost, thus making employers responsible for some portion of the training; or, alternatively, a topdollar amount might be inserted in HB 2457. He supported the carry-over language in Section 6.

Discussion on the future of Oregon workers and how employers might qualify for the training tax credit.

TAPE 10 SIDE A

002 Discussion continued on qualification for the tax credit in HB 2457.

071 TOM LYNCH testified in response to questions of qualifying criteria in Section 5 of HB 2457. He said that businesses would be required to qualify to the Employment Division, and they would do an evaluation of the offered training as part of that certification process. He thought employers would have the right of appeal, with the Employment Division's Appeal Section. He believed, based on a study, that about 12,000 firms, impacting about 35,000 employees, could qualify for this tax credit during the first biennium.

118 JOE GILLIAM again urged that the complications must be eliminated from the proposed program HB 2457 establishes if it going to appeal to small businesses.

Questions and discussion with TOM LYNCH AND JOE GILLIAM

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275 JOE GILLIAM asked the members to tie certification with very specific language in HB 2457, and he reiterated that the best way to eliminate abuse in this proposed program would be to only pay a portion of the educational or training expense.

Discussio

n

324 JERRY FISCHER talked about training of employees within his own industry, which is at the forefront of technology.

Questions and

discussion

TAPE 9 SIDE B

002 Questions and discussion continued with JERRY FISCHER, TOM LYNCH, and JOE GILLIAM about what type of businesses that might qualify for the tax credit in HB 2457.

132 REP. ADAMS requested that the tax credit not include expenses for a temporary replacement of workers in education/training programs.

Discussion of other parameters possibly needed in HB 2457.

297 JIM MANARY raised some issues from the Department of Revenue's viewpoint, specifically the issue of developing a simple and clean program. He wanted it stipulated whether the credit would come through on a personal or a corporation return. He stressed that the DOR would not be able to make judgments about the type of training offered within different businesses.

Questions and

discussion

258 CHAIR WALDEN closed the Public Hearing on HB 2457

259 CHAIR WALDEN adjourned the meeting at 11:58.

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

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EXHIBIT SUMMARY

1. Fiscal Analysis of Proposed Legislation HB 2457, Ros Shirack,
Legislative Fiscal Office.

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