

Work Session: HB 2446 Tapes 11 A/B 12 A

HOUSE COHHITTEE ON  
REVENUE AND SCHOOL FINANCE  
SNALL BUSINESS SUBCOMMITTEE  
FEBRUARY 11, 1993 10:00 AN HEARING ROOM A STATE CAPITOL  
BUILDING

Members Present: Representative Greg Walden, Chair Representative Ron Adams, Representative Margaret Carter, Representative Delna Jones  
Witnesses Present: Jim Manary, Department of Revenue  
Staff: James Scherzinger, Legislative Revenue Officer Steve Bender, Legislative Revenue Office  
Paula McBride, Committee Assistant

TAPE 11 SIDE A

001 CHAIR WALDEN called the meeting to order at 10:12.

012 CHAIR WALDEN opened the Work Session on HB 2446.

014 STEVE BENDER explained the amendments HB 2446-1. He also discussed a table that had calculations of different amounts of capital gain, as relates to the founder's stock capital gain exclusion (if HB 2446 passed). Exhibits 1 and 2

092 STEVE BENDER further discussed amendments to HB 2446 (HB 2446-1, HB 2446-3, HB 2446-4; HB 2446-2 contained a mistake and were eliminated previously). Exhibits 1, 3-4

Questions and discussion

141 STEVE BENDER described the amendments relating to organizations applying for qualifying status for the capital gain exclusion and the organizations that could receive donations (HB 2446-1). Exhibit 1

Questions and discussion interspersed

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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TAPE 12 SIDE A

004 STEVE BENDER further clarified the amendments HB 2446-1 as they would apply to HB 2446. Exhibit 1

Questions and discussion

050 CHAIR WALDEN said staff would define the word "primarily" in HB 2446-1. Exhibit 2

058 STEVE BENDER explained HB 2446-3, which are technical amendments generated to take care of some problems in HB 2446. Exhibit 3 .

126 STEVE BENDER gave a preliminary revenue impact of HB 2446, but he cautioned that there isn't accurate information on the amount of capital gains being realized on founder's stock. An estimate of the revenue impact for 1993-95 biennium, reducing Personal Income Tax collections by about \$3.6 million, and this is projected to increase to about \$4.1 million in the 195-97 biennium.

Questions and discussion interspersed

307 REP. CARTER suggested that, if HB 2446 passed, it should be looked at by future legislatures (possibly in the 1995 session) to determine how the

founder's stock capital gain exclusion was working in the state and if there were abuses. She did not support a sunset provision.

Discussion with JIM MANARY about the possibility of the Department of Revenue (DOR) providing some feedback information to future legislatures on the participation in HB 2446. A mechanism would have to be developed if the information is not captured separately on the Oregon tax form.

TAPE 11 SIDE B

003 JIM MANARY commented on the amendments HB 2446-1, specifically concerning language differences between HB 2446 and HB 2446-1. Exhibit 1 Questions and discussion interspersed

031 STEVE BENDER explained amendments HB 2446-4, based on the previous testimony of DAVID EFURD (see Exhibit 1, 1/28/93). He

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also had a copy of HB 2446 which showed how the HB 2446-4 amendments would change the bill. Exhibits 4-5

Questions and discussion

175 STEVE BENDER reviewed how the amendments in HB 2446-4 would effect language on page 2 of HB 2446, lines 13 and 16. Exhibit 6

230 CHAIR WALDEN conducted administrative business

245 CHAIR WALDEN closed the Work Session on HB 2446

246 CHAIR WALDEN adjourned the meeting at 11:24.

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

#### EXHIBIT SUMMARY

1. HB 2446-1, Steve Bender, Legislative Revenue Office.
2. HB 2446: Founder's Stock Capital Gain Exclusion, Steve Bender, Legislative Revenue Office, 1/27/93.
3. HB 2446-3, Steve Bender, Legislative Revenue Office.
4. HB 2446-4, Steve Bender, Legislative Revenue Office.
5. Hand-engrossed copy of HB 2446, with HB 2446-4 amendments, Steve Bender, Legislative Revenue Office.

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