

Work Session: HB 2447
Tapes 13-14 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
SMALL BUSINESS SUBCOMMITTEE
FEBRUARY 12, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

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

Members Excused: Representative Margaret Carter

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

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009 CHAIR WALDEN called the meeting to order at 8:57

012 CHAIR WALDEN opened the Work Session on HB 2447 and closed the Work Session on HB 2447.

017 CHAIR WALDEN opened the Work Session on HB 2446.

020 STEVE BENDER discussed the definition of the word "primarily" in HB 244 6. Primarily simply means "the largest portion," which meant it might not be the most appropriate word for HB 2446. Other terms that could be used are: "exclusively" (about 90% or more), "substantially" (80-85%), and solely (100%).

039 CHAIR WALDEN believed that for the purposes of the state the word "substantially" should be used instead of "primarily."

Questions and discussion

056 STEVE BENDER introduced amendments to HB 2446, HB 2446-5, which replace HB 2446-1, but still contain the word "primarily." The new amendments define what "educational" meant in relation to contributions given to institutions with capital gain from founder's stock. Exhibit 1

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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109 CHAIR WALDEN recessed the meeting at 9:05 and reconvened at 9:12.

111 CHAIR WALDEN officially reopened the Work Session on HB 2446, noting the Subcommittee now had a quorum.

118 CHAIR WALDEN reiterated the proposed amendment to HB 2446-5, which would change "primarily" to "substantially."

128 MOTION REP. ADAMS moved to amend the
amendments HB 2446-5, changing the
word "primarily" to "substantially."

130 ORDER There being no objection, CHAIR WALDEN

so ordered the change in HB 2446-5.

132 MOTION REP. JONES moved adoption of the amendments HB 2446-5 to HB 2446.

134 ORDER There being no objection, CHAIR WALDEN so ordered the adoption of the amendments HB 2446-5 to HB 2446.

148 STEVE BENDER explained the amendments HB 2446-4, suggested by Mr. Efurd, a previous witness before the Committee. Exhibit 2

161 CHAIR WALDEN further clarified the HB -2446-4 amendments. Exhibit 2

171 STEVE BENDER said HB 2446-4 would allow a more liberal deductibility that is allowed under current law, because it does not restrict to 30% of adjusted gross income the deductions made to charitable institutions. Exhibit 2

Questions and discussion

220 STEVE BENDER spoke about another amendment in HB 2446-4, relating to the limitation of small business corporations, defined in HB 2446 as the types of companies for which the founder's stock treatment may apply. It was suggested (by Mr. Efurd) that the initial \$5 million limitation on initial capitalization was too small and should be closer to \$15 million. He also presented members with a hand-engrossed version of HB 2446 which includes HB 2446-4 amendments. Exhibits 2 and 3

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Questions and discussion about the purpose of HB 2446

374 STEVE BENDER explained how the amendments HB 2446-4 would fit into HB 244 6, using a hand-engrossed copy of HB 2446 members. Exhibits 2 and 3

TAPE 14 SIDE A

002 STEVE BENDER continued explaining his handout to the members that depicts how HB 2446-4 would amend HB 2446. EXhibits 2 and 3

025 STEVE BENDER discussed the final amendments in HB 2446-4, which would expand the situations under which founder's stock treatment would be eligible when other stock was obtained in substitution for founder's stock through a tax-free corporate reorganization. Exhibits 2 and 3

Questions and discussion

078 STEVE BENDER said an estimate of the revenue impact of HB 24464, if adopted, would be \$4.4 million reduction in Personal Income Tax in 1993-95 and \$5.1 million in 1995-97

Discussion of the amendments in HB 2446-4 and of HB 2446 itself.

138 MOTION REP. JONES moved adoption of HB 2446-4, only lines 1 and 2, to HB 2446.

NO DISCUSSION

146 ORDER There being no objection, CHAIR WALDEN so ordered.

149 STEVE BENDER discussed technical amendments in HB 2446-3, which were discussed on 2/11/93 (see Exhibit 3, Small Business Subcommittee, 2/11/93).

Questions and discussion

169 MOTION REP. JONES moved adoption of the amendments HB 2446-3 to HB 244 6.

NO DISCUSSION

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173 ORDER There being no objection, CHAIR WALDEN
 so ordered.

174 CHAIR WALDEN conducted administrative business related to HB 2446.
Questions and discussion

199 CHAIR WALDEN closed the Work Session on HB 2446

200 CHAIR WALDEN opened the Work Session on HB 2447, which relates to Oregon Person Income Taxes, increasing the deduction for health insurance costs made by self-employed persons beginning in the tax year 1993.

Discussion

220 CHAIR WALDEN closed the Work Session on HB 2447 but conducted a general discussion on the measure.

223 STEVE BENDER said that, as written, HB 2447 would allow 100% of health insurance premium costs to be deducted from income, and the revenue impact of this would be \$29.9 million in 1993-95 and \$50.7 million in 1995-97. He related that different possibilities would reduce that impact, based on an exhibit from a previous day (see Exhibit 1, 2/3/93).

Questions and discussion

375 CHAIR WALDEN conducted administrative business.

Discussion of HB 2447

399 CHAIR WALDEN adjourned the meeting at 9:58.

Paula K. McBride, Committee Assistant

Kimberly Ta or, Office Manager

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EXHIBIT SUMMARY

1. HB 2446-5, Steve Bender, Legislative Revenue Office.
2. HB 2446-4, Steve Bender, Legislative Revenue Office.
3. Hand-engrossed copy of HB 2446, with HB 2446-4 amendments, Steve Bender, Legislative Revenue Office.

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