

Work Session: HB 2447

HB 2457

HB 2182

Tapes 17 A/B

18 A

HOUSE COMMITTEE ON

REVENUE AND SCHOOL FINANCE

SMALL BUSINESS SUBCOMMITTEE

FEBRUARY 19, 1993 10:00 AM HEARING ROOM A STATE
CAPITOL BUILDING

Members Present: Representative Greg Walden, Chair

Representative Ron Adams,

Representative Margaret Carter (excused late arrival 11:02)

Representative Delna Jones

Witnesses Present: Don Arnold, Chief Counsel,

General Counsel

Division, Department of Justice

Bill Cross, Oregon Wine Growers Association

Staff: James Scherzinger, Legislative Revenue Officer

Steve Bender, Legislative Revenue Office

Paula McBride, Committee Assistant

TAPE 17 SIDE A

006 CHAIR WALDEN called the meeting to order at 10:05.

009 CHAIR WALDEN opened the Work Session on HB 2447.

011 STEVE BENDER explained the amendments HB 2447-1, but he related that Legislative Council has indicated there still might be a technical problem with HB 2447-1.

033 STEVE BENDER estimated the revenue impact of HB 2447-1 would be \$6.4 million reduction in income tax revenues in the 1993-95 biennium and \$23.7 by 1995-97 biennium.

Questions and discussion

098 CHAIR WALDEN closed the Work Session on HB 2447.

102 CHAIR WALDEN opened a Work Session on HB 2182.

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House Committee

on

Revenue and School Finance Small Business Subcommittee February 19, 1993

Page 2

106 STEVE BENDER pointed out materials on HB 2182. He discussed a letter written to WILLIAM KANE, Office of the United States Trade Representative, concerning the GATT panel report on Canada's claims against U.S. beer and wine measures (HB 2182 is in response to this). Along with this letter were Mr. Kane's answers, and STEVE BENDER explained these to the members. He concluded that the GATT panel decision did not effect either U.S. Constitutional Law or Oregon Law; therefore, Oregon is not legally required to change its law. He did stress there may be some future ramifications if Oregon does not comply with the GATT decision.

322 DON ARNOLD supported the conclusions of STEVE BENDER. GATT does not authorize or require states to do anything, but it does authorize other counties to take action against particular states if it is found that

Oregon law interferes with trade to those counties. He stressed that the U.S. is a participant in the GATT process and has a national interest in having all countries comply with the GATT decisions. Two consequences are possible if Oregon does not voluntarily comply: (1) another country can bring legal action, or (2) the U.S. can take either legal action or force congressional legislation.

Questions and discussion
interspersed

TAPE 18 SIDE A

003 Questions and discussion continued with JOHN ARNOLD.

063 REP. JONES wanted to get an answer from Mr. Kane (see reference above) to the question of whether or not the length of time a producer (winery or brewery) had been in business affected the law. She would like the law to be based on the time factor rather than on a gallon amount of production.

Questions and
discussion

141 STEVE BENDER discussed amendments HB 2182-3, which contain the date of enactment of HB 2181. Exhibit 3

152 STEVE BENDER explained the amendments in HB 2182-1, which contained language about reorganization of a company (requested by REP. WHITTY).
Exhibit 4

204 STEVE BENDER talked about HB 2182-2, relating to production (requested by REP. CARTER). Exhibit 5

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House Committee on
Revenue and School
Finance

Small Business
Subcommittee

February 19, 1993 Page

3

240 STEVE BENDER discussed how other states were responding to the GATT decision about beer and wine production. He found out that none of the other states are creating legislation to comply with that decision.

Questions and
discussion

312 BILL CROSS thought the 100,000 gallon production level unfairly impacted wineries; HB 2182-2 would ease the winery away from the exemption rather than having it face the loss of it all in one year.

Questions and
discussion

407 STEVE BENDER addressed the question of wine production in Oregon and gave the members a handout with this information. He estimated an impact of a reduction of \$6070,000 a biennium, but this does not take into account wineries from other states or countries. He also estimated that for the upcoming biennium, putting in a 15-year limitation on qualification for the small winery exemption would raise an additional \$290,000 (this was for 12 wineries). Exhibit 6

TAPE 17 SIDE B

002 STEVE BENDER continued his discussion of wine production, specifically about the 15-year limitation. Exhibit 6

Questions and

discussion

045 CHAIR WALDEN closed the Work Session on HB 2182.

046 CHAIR WALDEN opened the Work Session on HB 2446.

047 STEVE BENDER talked about amendments to HB 2446, HB 2446-6, which combine previous amendments (HB 2446-3, a portion of HB 24464, and HB 244 6-5 with the word "substantially" substituted for "primarily"). Another set of amendments are HB 2446-7, and he explained the differences between HB 2446-6 and HB 2446-7. Exhibits 7 and 8

087 STEVE BENDER mentioned a hand-engrossed copy of HB 2446, which contains the amendments in HB 2446-7. Exhibit 9

100 STEVE BENDER discussed the "Revenue Impact Analysis" on HB 2446

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House Committee on

Revenue and School Finance Small Business Subcommittee February 19, 1993

Page 4

with the amendments in HB 2446-7. He also mentioned that the impact would be by accelerating the program by one year. Exhibit 10

Questions and discussion interspersed

120 CHAIR WALDEN conducted administrative business.

141 CHAIR WALDEN closed the Work Session on HB 2446.

143 CHAIR WALDEN adjourned the meeting at 11:11.

Paula K.McBride, Committee Assistant

Kimberly Taylo Office Assistant

EXHIBIT SUMMARY

1. HB 2447-1, Steve Bender, Legislative Revenue Office.

2. Letter to and response from William Kane, Office of the United States Trade Representative, Steve Bender, Legislative Revenue Office.

3. HB 2182-3, Steve Bender, Legislative Revenue Office.

4. HB 2182-1, Steve Bender (on behalf of Rep. Whitty), Legislative Revenue Office.

5. HB 2182-3, Steve Bender (on behalf of Rep. Carter), Legislative Revenue Office.

6. Oregon Liquor Control Commission: Statement of Wine Manufactured within or imported into Oregon for the Month of December 1992, Steve Bender, Legislative Revenue Office.

7. HB 2446-6, Steve Bender, Legislative Revenue Office.

8. HB 2446-7, Steve Bender, Legislative Revenue Office.

9. Hand-engrossed HB 2446, with HB 2446-7 amendments, Steve Bender, Legislative Revenue Office.

10. Revenue Analysis, HB 2446-7, Steve Bender, Legislative Revenue Office.

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