

Work Session: SB 9A
SB 272
SB 79A
HJR S9
HB 2921
Tapes 58-59 A/B
60 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

MARCH 17, 1993 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair
Representative John Schoon, Vice Chair
Representative Ron Adams
Representative Tom Brian
Representative Mike Burton
Representative Margaret Carter
Representative Tony Federici
Representative Fred Girod
Representative Gail Shibley
Representative Greg Walden
Representative Jim Whitty
Witnesses Present: Janice Druian, Director of Assessment and
Taxation, Multnomah County
Jim Manary, Department of Revenue
Gil Riddell, Association of Oregon Counties

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

TAPE 58 SIDE A

007 CHAIR JONES called the meeting to order at 8:08 and conducted administrative business.

017 CHAIR JONES opened the Work Session on SB 9A.

019 STEVE MEYER said SB 9A came from the Department of Revenue (DOR) and has several different unrelated parts (a housekeeping bill). Part of SB 9A deals with partitioning and time shares and part deals with farm use

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068 MOTION REP. BRIAN moved engrossed SB 9A
to the House Floor with a
do-pass recommendation.

070 REP. BRIAN talked briefly about SB 9A and invited questions from members.

Questions and discussion

082 REP. BRIAN explained the procedure for delinquent taxes currently done on subdivisions of 5 or more pieces of property, and that SB 9A extends the provision to partitions, which are under five.

Questions and discussion

095 REP. BRIAN addressed the practice of using a tax lot number as a legal description of property for tax purposes. This practice was created by HB 255 0 in 1991.

Questions and discussion

106 JANICE DRUIAN emphasized that there has been no opposition to SB 9A from the Assessor's Association.

Questions and discussion

130 JIM MANARY explained the DOR's position on SB 9A, specifically in relation to questions on the "tax lot number."

Questions and discussion

149 GIL RIDDELL testified that the counties have no problems with SB 9A.

158 VOTEThe motion passed 11-0. Ayes:

REPS. WALDEN, WHITTY, ADAMS, BRIAN
BURTON, CARTER, FEDERICI, GIROD,
SHIBLEY, SCHOON and CHAIR JONES.

167 CHAIR JONES opened the Work Session on SB 272.

170 STEVE MEYER explained SB 272, which deals with omitted property and the 3% discount, basically because of the change in assessment date from January to July 1 established by HB 2550 last Session. He discussed what might occur if property is omitted from

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the property tax roll.

200 MOTION REP. BRIAN moved SB 272 to the House Floor with-a do-pass recommendation.

NO DISCUSSION

207 VOTEThe motion passed 11-0. Ayes:

REPS. WHITTY, ADAMS, BRIAN, BURTON,
CARTER, FEDERICI, GIROD, SHIBLEY,
WALDEN, SCHOON, and CHAIR JONES.

223 CHAIR JONES asked the Committee to stand at ease.

235 CHAIR JONES opened the Work Session on HJR 59.

238 STEVE BENDER explained that HJR 59 was coming back to the full Committee from the Property Tax Subcommittee, and that it proposes to amend the Oregon Constitution to restrict the use of proceeds from the beer and wine excise taxes for drug and alcohol abuse research and treatment. He discussed how the funds are currently distributed (see Exhibit 1, 2/25/93, full Committee). He discussed the language of HJR 59, and the proposed amendments to it. One related to a 2 cent funding, from the beer and wine taxes, of the Wine Advisory Board, which is currently in place. The other amendment would have the election occurring at the same special election that SB 357 will create (SB 357 has the urban renewal issue).

327 MOTION REP. BRIAN moved the amendments HJR 59-6 to HJR 59.

QUESTIONS AND DISCUSSION

388 REP. BRIAN said the words "prevention" and "intervention" to reach as broadly as possible for solutions to the abuse problems, and he discussed

the difficulty the members had with defining these terms. These words do not effect the distribution of funds. He pointed out that the language in the funding of the Oregon Wine Advisory Board does not lock the Legislature into this 2 cent funding forever.

QUESTIONS AND DISCUSSION

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002 Questions and discussion on the amendments HJR 59-6 continued.

031 REP. BRIAN addressed the issue of the use of these excise taxes from HJR 59 for DUII activities (Drunk Under the Influence of Intoxicants) from the Department of Transportation).

Discussion

057 ORDER Chair There being no objection,

JONES ordered the adoption

of

the amendments HJR 59-6.

059 MOTION REP. BRIAN moved HJR 59 as amended to the Floor with a

do

pass recommendation.

Questions and discussion

064 REP. BURTON questioned the fiscal impact statement in relation to STEVE BENDER's chart (see Exhibit 1, 2/25/93) on the distribution of revenue derived from the beer and wine taxes. He wanted members to understand that this bill will impact the General Fund. Exhibit 4

081 STEVE BENDER addressed the issue of the impact of HJR 59 on the General Fund. He pointed out a page in the members' books from the "1993-95 Governor's Budget Package No. 117..." which shows the Oregon Liquor Control Commission's (OLCC) budget. The numbers on this sheet show the distribution of increased taxes on liquor compared to the loss to the General Fund from HJR 59. He reiterated that HJR 59 will create a restriction on funds in that they will be dedicated to drug and alcohol abuse programs.

Exhibit 8

Questions and discussion

240 REP. SCHOON expressed his reservations about HJR 59, specifically because of the fact that money to small town local districts would be lessened (for instance, for police support) if the bill passed. He said he could not support the bill.

300 CHAIR JONES clarified the issue of the election date in SB 357, which is the bill that will have the election date for HJR 59.

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338 REP. BRIAN explored how HJR 59 would effect smaller communities in Oregon. He believed that most crime, even in rural areas, was related to drug and alcohol abuse, which is in itself supports the passage of HJR 59. Questions and discussion

TAPE 58 SIDE B

012 Discussion continued concerning the economic ramifications of HJR 59 and the anticipated revenue increase from the mark-up of liquor in 1993-95. Of specific concern was the money that would be going to cities. Exhibit 8 064 CHAIR JONES clarified that there would be about \$300,000 less revenue from the General Fund available to cities if HJR 59 passed. This would be a statewide loss.

Discussion

079 CHAIR JONES corrected the figure, stating it was \$825,000 loss to the General Fund revenues to cities statewide that is not earmarked.

Discussion

102 REP. SHIBLEY raised the issue of creating the taxes statutorily rather than constitutionally, because she had a problem locking this tax into the constitution.

115 CHAIR JONES discussed why this issue was proposed as a constitutional issue

130 VOTE The motion passed 9-2. Ayes:
REPS. ADAMS, BRIAN, BURTON,
CARTER, FEDERICI, GIROD,

WALDEN,

WHITTY, and CHAIR JONES. Nays:
REPS. SHIBLEY and SCHOON.

132 REP. BURTON explained his vote. He wanted it clearly explained on the Floor that there was no net gain of money to alcohol and drug abuse programs, just that the money would be dedicated by HJR 59.

164 CHAIR JONES clarified that the statutory language may not be

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available by the time HJR 59 goes to the House Floor, which will be developed in Property Tax Subcommittee.

178 CHAIR JONES recessed the meeting at 9:16 and reconvened at 9:41.

180 CHAIR JONES opened the Work Session on SB 79.

182 STEVE MEYER explained SB 79, which deals with enterprise zones. He mentioned the amendments SB 79-A4. The bill makes administrative laws and dates of enterprise zones compatible with the statutes that changed due to 1991 legislation in response to Measure 5. SB 79 also makes eligible 19 firms that should have qualified for enterprise zone status, but didn't because of the date change in the previous legislation; however, they have to apply before the end of 1993. He discussed the Revenue Impact Statement for SB 79 because of the canceled taxes for these 19 firms. Exhibit

221 CHAIR JONES clarified that the revenue impact would be on local

district property tax and was not state revenues. She further explained the issue with the 19 firms.

230 MOTION REP. BRIAN moved the amendments SB 79-A4 to SB 79.

236 REP. BRIAN explained the amendments SB 79-4, which allows the fees to go to the county General Fund. Exhibit 13

NO DISCUSSION

245 ORDER There being no objection, CHAIR JONES so ordered.

247 MOTION REP. BRIAN moved SB 79A as amended to the House Floor with a do-pass recommendation.

DISCUSSION

266 REP. GIROD expressed his discomfort with SB 79A, specifically about the premise of enterprise zones.

Discussion

277 CHAIR JONES related that a working group would be considering

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the enterprize zone program during the current Legislative Session.

293 REP. BRIAN invited members to join the working group on enterprise zone program.

Discussion

321 REP. BRIAN explained language in SB 79A, clarifying an issue about the number of jobs an enterprise zone business must create.

Questions and discussion

337 REP. BRIAN discussed the differences between "jobs created" and "employees hired."

357 VOTE The motion passed 11-0. Ayes:
REPS. BRIAN, BURTON, CARTER,
FEDERICI, GIROD, SHIBLEY,
WALDEN, WHITTY, ADAMS, SCHOON,
and CHAIR JONES.

373 CHAIR JONES closed the Work Session on SB 79A and opened the Work Session on HB 2921.

386 DICK YATES related that HB 2921 eliminates the political contribution income tax credit. He explained various sections of the bill. He referred to the relating statute and the revenue impact statement. Exhibits 15 and 16

419 MOTION REP. SCHOON moved to pass

HB 2921 to the House Floor with a do-pass recommendation.

423 REP. SCHOON explained that the most important part of HB 2921 was that it provided an excess of \$6 million that could be utilized for other services.

TAPE 59 SIDE B

007 REP. BURTON expressed his dissatisfaction with HB 2921, questioning whether the elimination of the political contribution income tax credit would shift to a greater reliance on "political action committees" (PA's) and away from the individual.

Questions and discussion about HB 2921.

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090 DICK YATES gave some figures on the political contribution credit related to various categories of income.

Questions and discussion

130 REP. SHIBLEY related some conceptual amendments to HB 2921 that she had proposed to the Subcommittee on Income Tax (they were not agreed to).

Discussion of the merits of HB 2921

242 REP. WHITTY explained why he would vote against HB 2921, relating to his believe that the PAC's that rely on large contribution will not be effected by HB 2921, while the small ones will be effected.

Discussion

271 REP. BURTON asked a procedural question about the Subcommittee on Income Tax process, specifically, he wanted to know what actin has been taken on other income tax credits that are being considered in that process.

Discussion

301 Discussion of the issue as to whether or not the Oregon Tax Code allows businesses to get a credit for political contributions. No conclusion was reached, although it was clear that the IRS does not allow this.

333 VOTE The motion passed by a 6-5

vote. Ayes: REPS. GIROD,
WALDEN, ADAMS, BRIAN, SCHOON,
and CHAIR JONES. Nays: REPS.
BURTON, CARTER, FEDERICI,
SHIBLEY, and WHITTY.

344 CHAIR JONES commented on the process of political contributions. She believed that people would still contribute even if they would not receive the income tax credit. She gave a brief history of the changes that have occurred with this credit. She thought it would set a good tone if Legislative members gave up something personal, as with the political contribution income tax credit.

Questions and discussion

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416 REP. CARTER "felt compelled" to make a vote explanation. She believed she was in the lowest per capital income district on the committee, and the "little" people in her district get involved in the political process. Therefore, for her HB 2921 was a consumer issue for these people who take part in the process.

TAPE 60 SIDE A

002 REP. CARTER continued her explanation.

008 CHAIR JONES conducted administrative business.

029 CHAIR JONES adjourned the meeting at 10:24.

Paula K.McBride, Committee Assistant
Kimberly Taylor, Committee Assistant
EXHIBIT SUMMARY

1. Staff Measure Summary, Steve Meyer, Legislative Revenue Office.
2. Revenue Analysis of Proposed Legislation, SB 9A, Steve Meyer, Legislative Revenue Office.
3. Fiscal Impact Assessment, Legislative Fiscal Office.
4. Staff Measure Summary, SB 272, Steve Meyer, Legislative Revenue Office.
5. Revenue Analysis of Proposed Legislation, Steve Meyer, Legislative Revenue Office.
6. Fiscal Impact Assessment, SB 272, Legislative Fiscal Office.
7. HJR 59-6, Steve Bender, Legislative Revenue Office.
8. Narrative or Special Analysis, Revenue 1993-95 Governor's Budget Package No. 117, Increase Liquor Prices, Agency Priority 000, Steve Bender, Legislative Revenue Office.
9. Revenue Analysis of Proposed Legislation, HJR 59-6, Steve Bender, Legislative Revenue Office.
10. Fiscal Analysis of Proposed Legislation, HJR 59, Roz Shirack, Legislative Fiscal Office.

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EXHIBIT SUMMARY (continued)

11. Staff Measure Summary, Steve Meyer, Legislative Revenue Office.
12. Revenue Analysis of Proposed Legislation, SB 79B, Steve Meyer, Legislative Revenue Office.
13. SB 79-A4, Representative Tom Brian.
14. Fiscal Analysis of Proposed Legislation, SB 79, Roz Shirack, Legislative Fiscal Office.
15. Oregon Revised Statutes on "Credit for political contributions," Dick Yates, Legislative Revenue Office.
16. Revenue Analysis of Proposed Legislation, HB 2921, Dick Yates, Legislative Revenue Office.
17. Fiscal Analysis of Proposed Legislation, HB 2921, Dick Yates, Legislative Revenue Office.

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