

Work Session: HB 3026
Revenue Forecast
Tapes 82-83 A/B
84-85 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE

MAY 14, 1993 8:00 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 Greg Walden
Representative Jim Whitty

Members Excused: Representative Gail Shibley
Witnesses Present: Mike Marsh, Administrator,
Executive
Department, Budget and Management
Division
Paul Warner, Economist, Executive Department,
Budget and Management Division
Jim Manary, Department of Revenue
Barbara Seymour, Legislative Counsel
Randy MacDonald, Director, Legislative and
Community Relations, University of Oregon

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

TAPE 82 SIDE A

005 CHAIR JONES called the meeting to order at 8:14 and she announced the discussion of the "Revenue Forecast".

020 MIKE MARSH compared figures from the May 1993 "Oregon General Fund Revenue and Economic Forecast Summary" with previous

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forecasts. The May Forecast was do~N about \$9 million, or about 1/10 of a percent, from the March 1993 Forecast. The main change from the March Forecast was due to higher withholding; that is, more refunds going out and, therefore, less revenue than projected. There was still over a 13% increase over the same period in the last biennium, but he also talked about potential revenue cuts. He mentioned the main industrial areas of economic increase, and other factors that will continue to impact Oregon's

economy, including the loss of jobs in some industries. Exhibits 1 and 2
070 PAUL WARNER summarized the changes that have occurred since the March
"Forecast" and the reasons for these changes. He also talked briefly about
the national economy, which is still expanding, and he cited the reasons
for this expansion. He believed there would not be a "traditional"
recovery; that is, the recovery will be moderate and take place over a
period of time. He discussed Oregon's economy and job growth for the next
couple of years, and what industries would lead that growth. He mentioned
the influx of people from other states, particularly California. He also
mentioned issues surrounding the timber industry and its impact on Oregon's
economy. He explained issues that would effect the economy, namely the loss
of money to local governments and closing of businesses that will lay off
Oregon workers.

155 PAUL WARNER asked members to look at certain risks, which he explained,
as follows: (1) the national economy, (2) federal resource policy, (3)
international conditions, and (4) the effects of Measure 5.

191 PAUL WARNER pointed out a chart in the summary, entitled "Oregon's
Share of National Income and Population," which gave a long-term
perspective of the economy. The statistics related to Oregon's share of
national income and population over the next 60 years. He was optimistic
about Oregon's growth, but he again reminded members of potential risks. He
reminded members that their forecast has Oregon doing better than the
national economy through 1997. Exhibit 2, page 6.

243 PAUL WARNER talked about the "revenue numbers" on page 7 of the summary
handout, particularly related to changes from the March 1993 Forecast. He
gave factors that influenced these changes. Exhibit 2

284 PAUL WARNER discussed the 1993-95 "General fund Forecast" depicted on a
chart on the summary handout. He talked about the slow growth of income tax
and the factors causing this, beginning

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with "indexation." Another factor was short-term adjustment on income as a
result of Federal proposals on income taxes and anticipation of those
proposals. He also talked about potential growth in both personal and
corporate income. Exhibit 2, page 8

346 PAUL WARNER discussed how Federal policy might effect the economy of
Oregon. Some of those policies center on cigarette and alcohol taxes that
would effect Oregon's General Fund.

378 CHAIR JONES and PAUL WARNER discussed factors contributing to economic
growth in the "mountain states."

Discussion

TAPE 83 SIDE A

002 Discussion continued between PAUL WARNER and members on factors that
will influence Oregon's economy, and comparisons were made with the
relevant factors in other states. He particularly talked about land values
and labor issues.

036 PAUL WARNER discussed various Oregon industries and their growth, or
decline, in the state.

050 REP. BURTON and PAUL WARNER discussed the impact of growth on Oregon
and the state's economy.

094 REP. GIROD and PAUL WARNER talked about the effects of a possible

Federal cigarette tax in Oregon, and about cigarette consumption generally.
119 REP. GIROD and PAUL WARNER discussed the predictions about the timber industry contained in the Forecast.

149 REP. FEDERICI and PAUL WARNER discussed particular areas of the state where job growth had occurred or jobs had been eliminated.

175 REP. CARTER AND PAUL WARNER talked about population growth in Oregon and demographic factors involved with the growth, including an evaluation of the type of people moving to Oregon and the northwest. Housing issues were also discussed.

254 REP. ADAMS and PAUL WARNER discussed a 1995-97 forecast, using information on page 62 of the May Forecast. Exhibit 1

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303 REP. ADAMS and PAUL WARNER explored issues surrounding taxes on beer and wine in Oregon.

328 REP. ADAMS AND PAUL WARNER talked about the estimate on property value growth in Oregon.

350 REP. WHITTY and PAUL WARNER discussed the issue of retirees moving into the state and various economic influences they have on the economy in areas of Oregon.

TAPE 82 SIDE

B

005 REP. WHITTY and PAUL WARNER explored the issue of resort areas becoming high growth areas.

021 REP. BRIAN commented on the growth in Washington County.

026 CHAIR JONES explored issues that result from population growth in different parts of the state.

Discussion

048 REP. SCHOON and PAUL WARNER explored the issue of inflation that might occur over the next two to three years.

085 CHAIR JONES conducted administrative business.

095 CHAIR JONES recessed the meeting at 9:18 and reconvened at 9:43.

110 CHAIR JONES opened the Work Session on HB 3026 and conducted administrative business.

131 STEVE MEYER explained the amendments HB 3026-5, which combined other amendments the Subcommittee on Property Taxation had passed. HB 3026 related to property tax exemptions on "senior centers."

171 REP. WALDEN told the members about the issue that had precipitated HB 3026, which he sponsored.

199 REP. CARTER further clarified the issues discussed by the Subcommittee on senior centers as effected by HB 3026.

Questions and discussion

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231 JIM MANARY related the information that the Department of Revenue (DOR) had gathered from Oregon counties concerning property tax exemptions for senior centers. HB 3026 would apply to all senior centers.

Questions and discussion

285 JIM MANARY explained the issue of the senior center in The Dalles specifically related to the staging of "bingo" and the revenues raised in relation to its total budget. He explained the DOR administrative rules that applied to property tax exemptions for senior centers.

333 MOTION REP. WHITTY moved to adopt the amendments HB 3026-5 to HB 3026.

NO DISCUSSION

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

345 STEVE MEYER mentioned another issue to be resolved with HB 3026, involving "charitable" organizations that rent parking lot space for "overflow parking" for events held at the University of Oregon in Eugene. The amendments HB 3026-5 contained language to allow these organizations to retain their property tax exemption if they engage in this economic activity. A fourteen-day limit was included in the language. Exhibit 4
Questions and discussion

391 REP. BRIAN explained the intent of the language in HB 3026-5 related to the use of parking lots owned by "charitable" institutions. Exhibit 4

TAPE 83 SIDE B

006 REP. BRIAN believed further amendments should be made to HB 3056-5, related to the effective date of HB 3056. Exhibit 4, page 4, line 22

Questions and discussion

102 BARBARA SEYMOUR explained her reason for drafting the

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particular date in HB 3026. She believed members could insert language that would make the legislation retroactive by using a July 1, 1993 effective date.

140 MOTION REP. CARTER moved to amend
HB 3026 by changing the date
in Section 10 (page 6, line

23),

from "July 1, 1994" to "July

1,

1993".

135 ORDER There being no objection,
CHAIR

JONES so ordered.

141 REP. SCHOON asked Counsel if "charitable" organizations that receive the property tax exemption currently have to pay prorated taxes for the days when they rent parking space for various circumstances.

Questions and
discussion

137 BARBARA SEYMOUR discussed relevant statutes for tax exemptions for property leased by a "charitable" or fraternal organization from a taxable

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103 MOTION REP. CARTER moved to adopt the
amendments HB 3026-4 to HB 3026.

DISCUSSION

113 STEVE MEYER explained the HB 3026-4 amendments, which deal solely with the issue involving property tax exemption for senior centers. (see Exhibit 9, 5/11/93).

DISCUSSION

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

126 MOTION REP. CARTER moved HB 3026 as
amended to the House Floor with
a do-pass recommendation.

NO DISCUSSION

130 VOTE The motion passed 8-1. Ayes:
REPS. CARTER, FEDERICI, GIROD,
WALDEN, ADAMS, BRIAN, SCHOON,
and CHAIR JONES. Nays: REP.
BURTON. Excused: REP. SHIBLEY.
Absent: REP. WHITTY.

136 CHAIR JONES conducted administrative business.

153 DICK YATES explained how the March Forecast compared with the current quarter actuals, using information on page 1 of his handout to the members. Exhibit 8

177 DICK YATES indicated what was happening within the employment sector, using information on page 2 of his summary. This again looked at changes between the March and May Forecasts. Exhibit 8

Questions and discussion concerning the "service" field in Oregon's economy.

255 DICK YATES discussed "wage indexes" on page 1 of his handout. Exhibit 8

263 DICK YATES further explained the chart on page 2, related to "Timber Harvest REF." Exhibit 8

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282 DICK YATES talked about the 1991-93 biennium and comparing the March 1993 forecast to the May forecast. Exhibit 8, page 3

297 DICK YATES discussed why the "2% kicker" would not be an issue in 1993.

314 DICK YATES went through the figures in his chart on the "Ending Balance." He explained appropriations to the members. Exhibit 8, page 4.

337 DICK YATES talked about the projected forecast for the next biennium, based on the May 1993 Forecast. This information was contained in a chart on page 5 of his handout. Exhibit 8

Discussion

386 DICK YATES discussed the projected forecast for the next biennium, 1995-97. Exhibit 8, page 5
Questions and discussion

TAPE 85 SIDE A

004 DICK YATES continued his discussion of the forecast for the 1995-97 biennium. Exhibit 8

021 CHAIR JONES wondered how much money would have to be "made up" (replacement costs) during the next biennium from the effects of Measure 5.
Discussion

062 CHAIR JONES conducted administrative business.

146 CHAIR JONES adjourned the meeting at 11:10.

Paula K. McBride, Committee Assistant

Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

1. Oregon Economic and Revenue Forecast, Mike March and Paul Warner, Executive Department.
2. Oregon General Fund Revenue and Economic Forecast Summary, Mike Marsh and Paul Warner, Executive Department
3. Memorandum to Joint committee on Revenue and School Finance, regarding "Selected Other Funds Revenues: May 15, 1993 Forecast, Dan Simmons, Executive Department.
4. HB 3026-5, Steve Meyer, Legislative Revenue Office.
5. Forecast Summary, Dick Yates, Legislative Revenue Office.

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