

Public Hearing: HJR 4, HJR 5, HJR 10,
HJR 18, HJR 25, HJR 28, HJR 44, HJR 60, HJR 61, HJR 66, HB 2393, HB 2394,
HB 2432, HB 2500, HB 2501, HB 2872, HB 3388
Tapes 86-87 A/B

HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE

MAY 20, 1993 9:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair
Representative John Schoon, Vice Chair Representative Tom Brian
Representative Mike Burton
Representative Margaret Carter Representative Tony Federici
Representative Fred Girod
Representative Gail Shibley
Representative Greg Walden
Representative Jim Whitty
Members Excused: Representative Ron Adams
Witnesses Present: Speaker Larry Campbell, District 43 Representative Tony
Van Vliet, District 35 Representative Carl Hosticka, District 40
Representative Cedric Hayden, District 28
Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 86 SIDE A

014 CHAIR JONES called the meeting to order at 10:12 and conducted
administrative business. She talked about her motivations for postponing
the hearings on tax reform until so late in the session. She welcomed
guests to the hearings.
043 SPEAKER CAMPBELL testified in support of HJR 60, which would put a 2%
cap on property tax assessment increases per year. He believed HJR 50
"would establish a realistic approach to deal with the fiscal crisis"
Oregon faced. His testimony was verbatim. Exhibit 1

These minutes paraphrase and/or summarize statements made during thi"
meeting. Text enclosed in quotation mark" reports the speaker's exact
words. For complete context of proceedings, please refer to the tape
recording.

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150 REP. BURTON and SPEAKER CAMPBELL explored the problem of changes in
market value if property taxes were capped.
176 REP. GIROD and SPEAKER CAMPBELL discussed the proposed 2% freeze on
property tax, specifically related to the motivation for choosing that
particular percentage. SPEAKER CAMPBELL relayed that this figure could be
adjusted.
191 REP. GIROD and SPEAKER CAMPBELL talked about public acceptance for HJR
60.
197 REP. FEDERICI and SPEAKER CAMPBELL further discussed the 2% limit on
businesses proposed in HJR 60.
230 REP. SHIBLEY and SPEAKER CAMPBELL further discussed his proposal for
raising revenue in Oregon through HJR 60, specifically related to proposed
revenues for schools. He believed local districts would not be adversely
effected as long as the economy remained stable.

265 REP. SCHOON supported HJR 60, and he gave his reasons for this support.
008 CHAIR JONES opened the Public Hearing on the Tax Reform Bills (HJR 4,
HJR 5, HJR 10, HJR 18, HJR 25, HJR 28, HJR 44, HJR 60, HJR 61, HJR 66, HB
239 3, HB 2394, HB 2432, HB 2500, HB 2501, HB 2872, and HB 3388).

317 REP. VAN VLIET testified in support of HJR 4, HB 2393, and HB 2394. He
outlined his agenda, beginning with a brief history of tax reform.

TAPE 87 SIDE A

004 REP. VAN VLIET discussed material he had given the members, related to
"General Fund Expenditure Pattern: 1975-77 to 1991-93." Exhibit 2

Questions and discussion

037 REP. VAN VLIET discussed the current budget, using numbers he wrote on
a standing easel (no exhibit available). He explained how service level
budgets were derived, and he mentioned other elements that were part of the
budget and issues for future budgets. He

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talked about revenue and fiscal issues with the current budget and
projected these issues for the next biennium.

120 REP. VAN VLIET explained why he chose the "Ed-Mea" tax plan to support
as the way to accomplish tax reform. He pointed out the goals of his plan,
which were delineated on page 1 of his handout. He discussed the components
and provisions of his tax plan.

Exhibit 2

161 REP. VAN VLIET continued review of Exhibit clarifying his figures were
based on an implementation date of 1994.

195 REP. VAN VLIET talked about how the Oregon would have trouble with
revenue sharing with local governments because of the effects of Measure 5.
He noted areas where sharing does occur, but he believed much more would be
needed. His tax plan would provide this revenue sharing.

213 REP. VAN VLIET depicted material on the 1997 revenue impact that would
result from his tax plan (no exhibit available).

221 REP. VAN VLIET believed that his proposed sales tax would provide the
necessary revenues, and that Oregon should have a tax system that would
allow the state to adjust to the ups and downs of the economic market.

268 REP. VAN VLIET asked members to look at HB 2394, which was part of his
tax plan and discussed the benefits of what he was proposing.

311 REP. SCHOON and REP. VAN VLIET discussed why the state should adopt a
plan that was expensive to administer and that would raise the maximum
amount of money needed. They also explored the issue of job loss in Oregon,
and the creation of new jobs. REP. VAN VLIET stressed that nothing will be
accomplished in the state if the school system was not funded.

TAPE 86 SIDE

B

002 Questions and discussion continued between REP. SCHOON and REP. VAN
VLIET.

030 REP. BURTON and REP. VAN VLIET discussed the "elasticity" as it applied
to the tax plan suggested by REP. VAN VLIET.

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064 REP. BURTON and REP. VAN VLIET discussed the possibility of broadening the base of his proposed tax plan.

077 REP. WHITTY and REP. VAN VLIET further discussed the need for, and the problems with asking for, a broader base if a sales tax was to be implemented.

108 REP. WHITTY and REP. VAN VLIET discussed administrative costs of his tax plan.

120 REP. GIROD and REP. VAN VLIET explored the issue of getting voters to accept a sales tax, given the statistics cited by REP. GIROD.

192 REP. SHIBLEY and REP. VAN VLIET talked about the issue of equity of his tax plan.

216 REP. SHIBLEY and REP. VAN VLIET discussed the issue of the budgetary difficulties in Oregon, specifically how damaging Measure 5 will be.

239 REP. SHIBLEY and REP. VAN VLIET discussed the "gross receipts" and "value added" taxes.

254 REP. SHIBLEY and REP. VAN VLIET talked about the elements of his tax plan related to the income tax.

285 REP. CARL HOSTICKA testified in support of a 4% property tax cap rather than for a specific tax plan. He discussed the reasons why the property tax was unfair and the reasons that created an atmosphere in the state where people would support Measure 5. He thought that HB 3388 would link people's property taxes with their income, which he believed would lessen the unfairness of the property tax in Oregon. He discussed how the mechanisms of HB 3388 would work. He referenced his handout with examples of how the program might effect various households. He stated that the 4 percent cap is designed for households on fixed incomes.

Discussion

TAPE 87 SIDE B

023 REP. SHIBLEY and REP. HOSTICKA discussed the definition of "homestead" in HB 3388.

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Discussion

044 CHAIR JONES closed the Public Hearing on Tax Reform.

045 CHAIR JONES directed members attention to LC 3818 and began discussion.
Exhibit 4

050 MOTION REP. SCHOON moved committee introduction of LC
3818.

Discussion

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

059 CHAIR JONES reopened the Public Hearing on the Tax Reform bills.

062 REP. CEDRIC HAYDEN supported tax reform as opposed to tax increases.
His testimony was based on a handout given to the members, with some
testimony verbatim. Exhibit 4
125 CHAIR JONES conducted administrative business.
132 CHAIR JONES adjourned the meeting at 11:48.

PaulaK.McBride, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Testimony Speaker Campbell, 5/20/93, HJR 60
2. Testimony Rep. Van Vliet, 5/20/93, HJR 4
3. Testimony Rep. Hosticka, 5/12/93, Tax Reform
4. LC 3838, 5/17/93 (HJR 71)
5. Testimony Rep. Hayden, 5/20/93, Tax Reform

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