

Work Session: HB 2245, 2240
HB 2177, HB 3387

Public Hearing: Tax Reform Bills:
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 88-89 A/B, 90 A
HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE

MAY 21, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair
Representative John Schoon, Vice Chair
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
Representative Tom Brian

Witnesses Present: Senator Rod Johnson, District 23
Senator Shirley Gold, District 7
Senator Bill Dwyer, District 21
Representative Bill Markham, District 46
Representative Dave McTeague, District 25
Representative Bill Fisher, District 45
Representative Kevin Mannix, District 32

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

TAPE 88 SIDE A

006 CHAIR JONES called the meeting to order at 8:19 and conducted administrative business.

027 CHAIR JONES opened the Work Session on HB 2245.

028 RICHARD YATES explained HB 2245 would increase the forest products harvest tax for purposes of financing Oregon Forest

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.

House Committee on
~ venue and School
Finance

May 21, 1993 Page 2

Practices Act and industrial fire prevention program. He talked about the revenue impact, and noted the bill had a subsequent referral to the House Appropriations Committee because of a fiscal impact. He discussed proposed amendments to HB 2245. Exhibits 1 and 2

Questions and discussion

062 REP. SCHOON explained why HB 2245 would have to go to the Appropriations Committee.

Questions and discussion

083 RICHARD YATES discussed amendments HB 2245-1.

097 MOTION REP. SCHOON moved to adopt amendments HB 2245-1.
099 REP. SCHOON further clarified amendments HB 2245-1 and urged their adoption.
Discussion

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

123 MOTION REP. SCHOON moved HB 2245 as amended
to the House Floor with a do pass recommendation.

130 VOTE In a roll vote the motion passed 9-0.
Ayes: REPS. BURTON, CARTER, FEDERICI,
GIROD, DELNA JONES, SCHOON, SHIBLEY,
*WALDEN, WHITTY Absent: REPS. ADAMS,
BRIAN

136 CHAIR JONES opened the Work Session on HB 2240.

139 RICHARD YATES explained HB 2240 allows the Western Oregon
Timber Tax Account to fund the Western Oregon Small Tract
Option

Tax program and administrative cost of reforestation of the underproductive forestland program. Exhibit 3.

161 REP. SCHOON clarified the funding in HB 2240-1 applies only to 1993-95 biennium. Exhibit 4

178 MOTION REP. SCHOON moved adoption of amendment HB 22401

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.

House Committee on
Revenue and School Finance
May 21, 1993 Page 3
Discussion

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

194 RICHARD YATES discussed the revenue impact of HB 2240.

Questions and
discussion

202 MOTION REP. SCHOON moved HB 2240 as amended to the House Floor with a do pass recommendation.

Discussion

228 RICHARD YATES clarified the appropriation for HB 2240 was in the Governor's Budget and the bill did not need a subsequent referral to the House Appropriations Committee.

Discussion

240 VOTE In a roll vote the motion passed 9-0.

Ayes: REPS. BURTON, CARTER,
FEDERICI,
GIROD, DELNA JONES, SCHOON, SHIBLEY,
*WALDEN, WHITTY Absent: REPS. ADAMS,
BRIAN

254 CHAIR JONES opened the Work Session on HB 2177.

255 RICHARD YATES explained HB 2177 enacts a temporary tax rate increase in the forest products harvest tax. HB 2177-1 sets the rate 35¢ higher than that otherwise in effect for the fiscal year 7/1/93-7/1/94. The proceeds are to be directed to the Oregon State University Forest Research Laboratory. Exhibit 5-6

290 REP. SCHOON talked about changes he believed had been done to HB 2177 in the Subcommittee on Income Tax, which differed from how RICHARD YATES described the amendments HB 2177-1. The members of the subcommittee understood they had agreed to change the rate to 40¢ and a sunset of prior to July 31, 1995.

Discussion

313 CHAIR JONES directed HB 2177 be sent back to the Subcommittee on Income Taxation.

Discussion

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.

House Committee on
Revenue and School

Finance

May 21, 1993 Page 4

325 CHAIR JONES closed the Work Session on HB 2177.

329 REP. CARTER requested REP. WALDEN be allowed to vote on HB 2245 and HB 224 0. There being no objection, REP. WALDEN voted yes on HB 2240* & HB 224 5*.

344 CHAIR JONES opened the Work Session on HB 3387.

350 MOTION REP. SCHOON moved adoption of HB 3387-2 amendments.

368 REP. SCHOON explained the -2 amendments change the basic bill completely. The amendments require an interim study/report of the social and financial impacts of allowing a subtraction from taxable income or deposits into an individual medical account for medical expenses of an employee of the taxpayer.

Discussion

370 CHAIR JONES directed the committee stand at ease.

386 REP. SCHOON described the original bill HB 3387 and the problems members had with it. He discussed public testimony.

TAPE 89 SIDE A

002 REP. SCHOON continued his explanation of the HB 3387 as it was originally drafted.

038 REP. GIROD spoke in favor of the bill and urged its passage.

041 ORDER There being no objection, CHAIR JONES ordered adoption of the HB 338 7-2 amendments.

048 CHAIR JONES asked the Committee to stand at ease.

066 CHAIR JONES recessed the meeting at 8:55 and reconvened at 9:10.

071 CHAIR JONES noted a problem has been found in the HB 3387 and directed HB 3387 be sent back to subcommittee for correction and closed the work session.

071 CHAIR JONES opened the Public Hearing on the issue of Tax Reform including 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.

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.

House Committee on
Revenue and School

Finance

May 21, 1993 Page 5

137 SENATOR JOHNSON reviewed a compilation of reference material supporting

his proposal contained in SJR38 which he termed a the "School Funding and Taxpayer Protection Act of 1994." Exhibit 10

160 SENATOR JOHNSON noted HJR 66 was a "sister bill" to SJR38 and continued describing his plan.

236 SENATOR JOHNSON diagrammed the effects of his tax proposal.

310 SENATOR JOHNSON related another aspect of his tax proposal that would benefit property taxpayers, specifically that there would be an assessment freeze for anyone over 70 years of age.

Questions and discussion.

332 SENATOR JOHNSON clarified that his proposal would be property tax relief paid out of the income taxes from the General Fund.

343 REP. CARTER and SENATOR JOHNSON discussed the 70-yearold provision in his tax proposal, and also whether or not there should be an income requirement.

375 REP. BURTON and SENATOR JOHNSON explored the issue of a splitroll tax concept.

403 REP. GIROD and SENATOR JOHNSON discussed property tax treatment of equipment.

TAPE 88 SIDE B

015 SENATOR JOHNSON continued discussion of proposal noting his proposal would raise \$1.5 billion.

093 SENATOR JOHNSON continued with how schools should spend the revenues raised, his proposal contained a "local option," his tax plan would be voted upon and put into the constitution, other legal provisions of what he proposed, and "fees" that would be implemented with his tax proposal.

178 SENATOR JOHNSON continued he had eliminated the "throwback" rule from the tax structure, and that his proposal did not apply to reforestation. He supported commercial forest planting.

Discussion

200 SENATOR JOHNSON summarized the reasons he felt his tax proposal was needed in Oregon. He related that REP. MARKHAM had introduced on the House of Representatives.

These minuted 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.

House Committee on
Revenue and School
Finance

May 21, 1993 Page 6

262 SENATOR GOLD testified in support of the tax reform effort, and she offered to share what the Senate House Revenue & School Finance Committee had been doing in this area, and discussed a plan entitled "Balanced Tax Plan" which was developed by the Interim Committee on Revenue and School Finance, and was HJR 10, HB 2500, and HB 2501 in the current tax reform bills. She encouraged members to examine these bills, and she noted there was a small split-roll feature in this package of bills. She related other aspects of the plan, and that the package raised almost \$2.2 billion as it stood. She expressed her willingness to be flexible, and she described what she believed would be "balanced" in a tax plan.

388 SENATOR BILL DWYER testified in support of his tax plan based on HB 243 2. His testimony was based on a handout given to the members. Exhibit 11
TAPE 89 SIDE B

002 SENATOR DWYER continued his testimony.

077 CHAIR JONES and SENATOR DWYER discussed what a "fair" relationship would be between government and taxpayers, or what a "fair" tax burden would be.

Discussion

119 SENATOR DWYER related that he would like to return to the Committee to further explain his tax package.

Discussion

168 REP. BILL MARKHAM asked the members to spend a little time thinking about inviting the public into discuss of the "2% equal tax," which he briefly described. He also spoke about the tax plan proposed by SENATOR JOHNSON, which he supported.

224 REP. BURTON and REP. MARKHAM discussed the concept of having a single tax in the state.

Discussion

275 REP. DAVE MCTEAGUE testified in support of HB 2872. He read a letter from a constituent, which he believed expressed the sentiment of taxpayers in Oregon. His testimony was based on a handout given to the members.

Exhibit 12

360 REP. BURTON and REP. MCTEAGUE talked about a detail in HB 2872

These minutes paraphrae and/or summarize atatements mado during this meetIng. Text enclosed Ln quotation marke reporte the speaker's exact worde. For complete context of proceedinge, please refer to the tape recording.

Hou~e Committee on

Revenue and School

Finance

May 21, 1993 Page 7

related to rates, and REP. MCTEAGUE related that Legislative Counsel had stated HB 2872 doesn't conflict with the provisions of Measure 5.

387 REP. WHITTY and REP. MCTEAGUE discussed the growth of assessed values related to the amount of money local districts have to raise to run government. -

TAPE 90 SIDE A

002 REP. WHITTY and REP. MCTEAGUE continued their discussion of rising assessments in the state.

Discussion

078 REP. BILL FISHER suggestions four guidelines to consider in working toward tax reform. Refer to Exhibit 13.

124 CHAIR JONES and REP. FISHER talked about a definition of "real tax relief."

Discussion

169 REP. MANNIX voiced support of HJR 18 and HJR 28. He believed HJR 18 had some reasonable and saleable ideas of approach to tax reform in the state. He believed that another important issue to taxpayers, besides education, was public safety, and HJR 18 would be a gross receipts tax dedicated to public safety. He mentioned benefits to the state of this tax reform. He discussed the impact to the General Fund if this tax were initiated. He emphasized that this gross receipts tax would be a sales tax, but one that would be more acceptable to the voters.

227 REP. MANIX discussed HJR 28, which he supported and believed addressed the real problems with property taxes centering on how taxpayers have to pay this particular tax.

Discussion

249 REP. MANNIX described some problems with Measure 5. He also believed there were problems with implementing a cap on property taxes, while HJR 28 would freeze property tax. He explained how the bill would work

326 Vice-Chair Schoon adjourned the meeting at 10:51 am.

Paula McBride, Committee
Assistant

These minutea paraphrase and/or summarize atatementa made during thia

meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording.

House Committee on
Revenue and School Finance
May 21, 1993 Page 8
Kimberly Taylor, Office
Manager

Exhibit Summary:

1. HB 2245-1, 4/20/93
2. Fiscal Analysis HB 2245, Original, 3/4/93
3. Fiscal Analysis of HB 2240-1, 4/22/93
4. No Exhibit
5. HB 2177-1, 4/21/93
6. Fiscal Analysis HB 2177-1, 4/22/93
7. HB 3387-2, 5/10/93
8. Fiscal Analysis HB 3387-2, 5/12/93
9. LRO table & charts, Sales Tax Proposals, School Funding & Taxpayer Protection Act of 1994, Tax Reform
10. Johnson, Why has Senator Rod Johnson Proposed a New Tax System for 1995, SJR38
11. Dwyer, Testimony, Tax Reform
12. McTeague, Testimony, 5/21/93, HB 287 2
13. Fisher, Testimony, 5/21/93, Tax Reform

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.