

Work Session: Tax Reform Bills HJR 4, HJR 5, HJR 10, W R 18, HJR 25, HJR 28, HJR 44, HJR 60, HJR 61, HJR 66, HJR 71
Tape 138 A/B 139 A
HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE

JUNE 10, 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 Gail Shibley
Representative Greg Walden
Representative Jim Whitty

Member Excused: Representative Fred Girod

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

TAPE 138 SIDE A

006 CHAIR JONES called the meeting to order at 10:54 and conducted administrative business. She referred members to letters received from the public concerning tax reform. Exhibits 1 and 2.

015 CHAIR JONES informed the public of a handout designed to gather information on sales tax exemptions, and she pointed out an updated "House Revenue Committee Tax Reform Proposal" matrix to the members. She conducted administrative business related to scheduling. Exhibits 3 and 4

075 CHAIR JONES opened the Work Session on Tax Reform.

076 STEVE BENDER referred members to a page in their notebooks that dealt with "Income Tax Feedback." The numbers portrayed tax increases and also tax relief from either (1) eliminating property

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.

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taxes on Owner Occupied Personal Residences (OOPR) or (2) eliminating school taxes on all properties. Exhibit 5

Questions and
discussion

109 STEVE BENDER continued his explanation of the information on income tax feedbacks. Exhibit 5

Questions and
discussion

122 STEVE BENDER adjusted the numbers on his "Income Tax Feedback" handout to account for removing school tax from just OOPR properties. Exhibit 5

Questions and
discussion

163 STEVE BENDER presented another handout to the members, entitled "Oregon Non-OOPR Assessed Value Elasticity." While there wasn't much data available for this table, he explained the meaning of the data he was able to

retrieve. Exhibit 6

Discussion

194 STEVE BENDER presented a handout to the members that was designed to answer previous questions about removing personal property taxes from the roll. The revenue impact would be a reduction of property tax collections in 1995-97 by \$62 million. That does not include the personal property of centrally assessed utilities. The handout delineated utility personal property in Oregon. Because of a court ruling, if the personal property of any business was exempted from the tax rolls, then the personal property of railroads must also be exempted, which would cost \$7.6 million. Exhibit 7

Questions and discussion

260 STEVE BENDER talked about similarities and differences in Federal statutes between railroads and other utilities, particularly air transportation and motor carriers. Exhibit 7

Questions and

discussion

313 STEVE BENDER discussed another handout that compared property tax rates throughout Washington. He related that the numbers were the rates people see on their property tax bill. He explained

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procedures for the taxation of property in Washington State, which cause property tax to "jump" every three years. Exhibit 8

Questions and discussion

TAPE 139 SIDE A

002 Questions and discussion continued about the property tax system in Washington State. Exhibit 8

048 STEVE BENDER clarified that Washington State did not trend property tax values during the three years when the values weren't updated. Exhibit 8

Questions and discussion continued concerning Washington State property taxes.

083 CHAIR JONES conducted administrative business.

Discussion

104 CHAIR JONES asked members to consider what kind of relief they would like to provide with other taxes (property and income). She began with the income tax, and she asked members if they were interested in reducing this tax.

Discussion

195 CHAIR JONES noted consensus for including some kind of income tax adjustment with the tax reform package. She explained why she supported income tax relief. The relief will be attained by either adjusting the brackets or giving some low-income credit.

215 CHAIR JONES asked members if they would agree to removing the \$5 for schools in the property tax system from owner occupied homes.

Discussion

248 CHAIR JONES clarified the issue, which was to either reduce the amount of money that goes to schools from the property tax or to remove the total amount (which will be \$5 under Mousier 5).

Discussion

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347 CHAIR JONES believed the important questions were (1) how much money should be raised for education, and (2) should the reliance for funding education be reduced from other sources (income and property taxes).

Discussion

375 CHAIR JONES said a question still to be addressed was "How much money would be enough." She talked about information that was still needed before this question could be answered.

401 CHAIR JONES asked members if they would consider dedicating lottery revenues for education in the tax reform plan. She was against using these revenues for educational programs or operations, but perhaps the revenues could be used in other ways that benefit education.

Discussion

TAPE 138 SIDE B

002 Discussion continued about the issue of using lottery revenues as part of the tax reform package.

036 CHAIR JONES told members she would like them to get together in groups of two or three to work on specific issues that have to be resolved with the tax reform plan. She referred to issues on the matrix. Exhibit 4

Discussion

168 CHAIR JONES conducted administrative business.

177 CHAIR JONES adjourned the meeting at 12:02.

Paula K.McBride, Committee

Assistant

Kimberly Taylor, Office Manager

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EXHIBIT SUMMARY

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1. Letter from Robert Horning on tax reform, presented by Chair Jones.
2. Letter from Robert R. Cantine, Executive Director, Association of Oregon Counties, presented by Chair Jones.
3. Sales Tax Amendments, Steve Bender, Legislative Revenue Office.
4. House Revenue Committee Tax Reform Proposal, updated version, Steve Bender, Legislative Revenue Office, 6/9/93.
5. Income Tax Feedbacks (1995-97 biennium), Steve Bender, Legislative Revenue Office.
6. Oregon Non-OoPR Assessed Value Elasticity, Steve Bender, Legislative Revenue Office.
7. Utility Values: Total and Estimated Personal Property, Steve Bender, Legislative Revenue Office.
8. Comparison of Average Levy Rates* by County by Year Due, 1985-1992 (for Washington State), Steve Bender, Legislative Revenue Office.

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