

Work Session: HJR 10, HB 2500, HB 2124, HB 2125, HB 2176, HB 2431, HB 2797,
HB 3068A, HB 3649, SB 993A
Tapes 166-167 A/B 168-169 A

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

JUNE 24, 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 Gail Shibley
Representative Greg Walden
Representative Jim Whitty

Witnesses Present: Gary Carlson, Association Oregon Industries Jerry
Fisher, Hewlett-Packard Company Ken Novak, President, Schnitzer Group Sam
Eisor, Tax Manager, Weyerhaeuser Company; Chair, Tax Committee, Associated
Oregon
Industries

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

TAPE 166 SIDE A

008 CHAIR JONES called the meeting to order at 10:25 and conducted
administrative business.

033 CHAIR JONES opened the Work Session on UB 2797.

034 JIM SCHERZINGER related HB 2797 was a "simple bill" that authorized
school districts to market bonds jointly with other through school
districts or through an association to which the school district belonged.

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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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038 REP. SCHOON sponsored HB 2797, and he explained his purpose of
introducing it.

053 MOTION REP. SCHOON moved HB 2797 to
the House Floor with a do-pass
recommendation.

NO DISCUSSION

055 VOTE The motion passed 7-0. Ayes:
REPS. BRIAN, BURTON, GIROD,
WALDEN, ADAMS, SCHOON, and
CHAIR JONES. Absent: REPS.
CARTER, FEDERICI, SHIBLEY, and
WHITTY.

062 CHAIR JONES opened the Work Session on HB 2125.

066 STEVE BENDER pointed out the amendments HB 2125-A6, which

related to taxes on boxing and wrestling, and he explained them. He also discussed the issues of televised-broadcasts of events (primarily pay-per-view) as related to HB 2125. Exhibits 5-8
136 REP. SCHOON outlined the testimony that had been submitted by the parties in favor of and opposed to HB 2125. He described what the Boxing and Wrestling Commission would do and how it would be funded.

Questions and discussion

238 STEVE BENDER related that franchise fees vary, though they were generally 5%, and were based on a cable company's gross receipts. There would be an unspecified amount from each particular event. He thought the revenue estimate for what local government received as a result of the paid-for-view boxing and wrestling events would be around \$110,000.

265 MOTION REP. SCHOON moved to adopt the amendments HB 2125-6 to HB 2125.
DISCUSSION

272 CHAIR JONES clarified that the amendments would add a tax on the promotor (originator) of an event.

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278 VOTE The motion passed: Ayes: REPS.

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

289 MOTION REP. SCHOON moved HB 2125 as amended to the House Floor with a do-pass recommendation.

DISCUSSION

295 STEVE BENDER pointed out the Revenue Analysis on HB 2125-A5 in the members' books, and said \$148,000 would go to the Boxing Commission (they currently receive about \$60,000/biennium).

DISCUSSION (continued)

433 VOTE The motion passed 8-3. Ayes:

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

TAPE 167 SIDE A***

015 CHAIR JONES opened the Work Session on HB 2431A, which related to the Central Business Registry.

020 JIM SCHERZINGER explained HB 2431A accomplished two goals, which he described, and also what the amendments HB 2431-A2 changed in the bill. Exhibits 9-11

068 MOTION REP. SCHOON moved to adopt the amendments HB 2431-A6 to HB 2431A, with the following addition: Insert "\$490,000" into the blank in Section 7, page 3.

DISCUSSION

170 VOTEThe motion passed 8-3. Ayes:
REPS. FEDERICI, GIROD, SHIBLEY,

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WALDEN, WHITTY, ADAMS, SCHOON and CHAIR JONES. Nays: REPS. BRIAN, BURTON, and CARTER.

176 CHAIR JONES recessed the meeting at 11:01 and reconvened at 11:14.

178 MOTION REP. SCHOON moved to amend
HB 2431 by removing the amount
\$490,000 on Line 9, Page 3.

DISCUSSION

204 ORDER There being no objection, CHAIR
JONES so ordered. ~

206 MOTION REP. SCHOON moved HB 2431 as
amended to House Appropriations
Committee with a do-pass
recommendation.

DISCUSSION

218 CHAIR JONES explained the history behind HB 2431, which she thought was an important "next step" in "staying friendly with the people who create the jobs in the state." She also discussed why HB 2431 will go to the House Appropriations Committee.

260 VOTEThe motion passed 9-0. Ayes:
REPS. GIROD, WALDEN, WHITTY,
ADAMS, BRIAN, CARTER, FEDERICI,
SCHOON, and CHAIR JONES. Absent:
REPS. SHIBLEY and BURTON.

273 CHAIR JONES conducted administrative business.

282 CHAIR JONES closed the Work Session on HB 2431.

283 CHAIR JONES opened the Work Session on HB 2500.

290 STEVE BENDER reviewed the decisions of the Committee on the sales tax proposal, as contained in HB 2500.

320 GARY CARLSON presented testimony on HB 2500. He reviewed the status of the manufacturing industry and how the proposed sales tax reform would effect it. He thought manufacturing employment would

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expand in Oregon if the sales tax was not imposed on the industry. He referred members to a handout entitled "Taxability of Machinery & Equipment Used in Manufacturing By State." Exhibit 12

390 JERRY FISHER spoke about the sales tax proposed in HB 2500 in relation to the principles of sales tax which would exempt the process of manufacturing (chemicals, materials, and equipment).

TAPE 166, SIDE
B

002 JERRY FISHER continued speaking about the sales tax and manufacturing. He stressed that, especially with rapidly changing technology, manufacturing must be able to produce competitively with the rest of the world.

025 KEN NOVAK spoke briefly about his family company, which has been involved in "a variety of business and industrial activities, including running the largest scrap metal recycling and processing facilities in the Northwest." He mentioned the taxes that his companies already pay in Oregon, and he talked about the decisionmaking process they employ when it comes to investing in new capital equipment and where to place it. He specifically connected this with the balances and trade-offs they consider when it comes to taxes, both in Oregon and in other states. He stressed that his industry was "extraordinarily capital intensive" and that there was a constant need for modernization of plants, equipment, and employee skills. He delineated the major issues that face manufacturing in Oregon, most importantly the double-digit rate increase for BPA power, and the major environment requirements imposed by the Federal Government.

093 SAM EISOR reviewed that listed sales tax on manufacturing "machinery & equipment) on a state-by-state basis. He discussed what might happen if Oregon chose to implement a sales tax on manufacturing. Exhibit 12

120 CHAIR JONES asked the panel of witnesses (CARLSON, FISHER, NOVAK, and EISOR) to discuss other taxes their organizations already pay in Oregon (property tax, corporate tax, and personal property tax), specifically how these taxes would compare with a sales tax.

Discussion -

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TAPE 167, SIDE B

025 CHAIR JONES recessed the meeting at 12:11 and reconvened at 4:23 and conducted administrative business.

045 CHAIR JONES opened the Work Session on HB 2176.

057 STEVE MEYER pointed out the amendments HB 2176-2. HB 2176 dealt with a property tax exemption related to higher education parking lots, extending this exemption. STEVE MEYER discussed the changes the amendments HB 2176-2 would make to the bill. Exhibits 13-17

078 MOTION REP. BRIAN moved to adopt the amendments HB 2176-2 to HB 2176.

080 REP. BRIAN explained the need for the two different provisions in HB 2176-2.

DISCUSSION

160 ORDER ' There being no objection, CHAIR
JONES so ordered.

161 MOTION REP. BRIAN moved HB 2176 as
amended to the House Floor with
do-pass recommendation.

DISCUSSION

228 VOTE The motion passed 9-0. Ayes:
REPS. SHIBLEY, WHITTY, ADAMS,
BRIAN, BURTON, CARTER,
FEDERICI, GIROD, and CHAIR
JONES. Excused: REPS. WALDEN
and SCHOON.

240 CHAIR JONES closed the Work Session on HB 2176 and opened the Work Session on SB 993A.

248 STEVE MEYER explained SB 993A to the members. It is a bill that dealt with mobile modular housing units, and he related what changes would be made by the amendments SB 933-A3. Exhibits 18-21

293 MOTION REP. BRIAN moved HB 993A-3 as amended to the House Floor with House Committee on Revenue and School Finance
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a do-pass recommendation.

NO DISCUSSION

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

300 MOTION REP. BRIAN moved HB 993A as amended to the House Floor with a do-pass recommendation.

NO DISCUSSION -

316 VOTE The motion passed 10-0. Ayes:
REPS. WHITTY, ADAMS, BRIAN,
BURTON, CARTER, FEDERICI, GIROD,
SHIBLEY, SCHOON, and CHAIR
JONES. Excused: REP. WALDEN

338 CHAIR JONES closed the Work Session on SB 993A.

343 CHAIR JONES opened the Work Session on HB 2124.

346 STEVE MEYER explained HB 2124, which continued and modified the special assessment on historic property. He went through the provisions of HB 2124 and the amendments HB 2124-6. Exhibits 22-26

TAPE 168 SIDE

A

022 MOTION REP. BRIAN moved to adopt the
- amendments HB 2124-6 to HB

212 4.

DISCUSSION

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

099 MOTION REP. BRIAN moved HB 2124 as amended to the House Floor with a do-pass recommendation.

101 REP. BRIAN reviewed what he believed was important about HB 2124, and he revealed discussions held before and with the Property Tax Subcommittee about the special assessment on historic property.

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DISCUSSION

186 VOTE* The motion passed 10-1.*
Ayes: REPS. WHITTY, ADAMS,
BRIAN, BURTON, CARTER,

FEDERICI,

GIROD, SHIBLEY, SCHOON, and
CHAIR JONES. Excused: REP.
WALDEN.

196 CHAIR JONES closed the Work Session on HB 2124.

199 CHAIR JONES opened the Work Session on HB 3068A.

207 TERRY DRAKE explained the provisions of HB 3068A, which related to an issue between the Department of Transportation and off-road land owned by Indian tribes in Oregon. There were no amendments to HB 3068A. Exhibits 27-29

Questions and discussion

281 MOTION REP. BURTON moved HB 3068A to the House Floor with a do-pass recommendation.

DISCUSSION

288 VOTE** The motion passed 9-0.** Ayes:
REPS. ADAMS, BRIAN, BURTON,
CARTER, FEDERICI, GIROD,
SHIBLEY, SCHOON, and CHAIR
JONES. Excused: REP. WALDEN.
Absent: REP. WHITTY.

304 ACTING CHAIR BRIAN closed the Work Session on HB 3068A.

*305 ACTING CHAIR BRIAN reopened the Work Session on HB 2124, and asked members for unanimous consent to allow REP. CARTER to cast her vote. REP. CARTER voted "aye."

316 ACTING CHAIR BRIAN opened the Work Session on HB 3649.

317 REP. SCHOON explained to the members that HB 3649 dealt with the management of wildlife, involving the Fish and Wildlife Commission. There was a tax credit and a deduction for processed feed fed to wildlife by private individuals, but the Income Tax Subcommittee removed the income tax provisions from HB 3649,

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leaving no revenue impact. Exhibits 16-19

335 DICK YATES related that Legislative Fiscal has recommended HB 3649 be sent to House Appropriations in order that a budget can be set up for the "Access and Habitat Board" stipulated in HB 3649.

345 MOTION REP. SCHOON moved to adopt the amendments HB 3649-5 to HB 3649.

346 ORDER There being no objection, ACTING CHAIR BRIAN so ordered.

347 MOTION REP. SCHOON moved HB 3649 as amended to the House Appropriations Committee with a do-pass recommendation.

348 VOTEThe motion passed 10-0. Ayes:
REPS. BRIAN, CARTER, FEDERICI,
GIROD, SHIBLEY, WALDEN, WHITTY,
ADAMS, SCHOON, and CHAIR JONES.
Excused: REP. BURTON.

360 ACTING CHAIR BRIAN closed the Work Session on HB 3649.

368 ** ACTING CHAIR BRIAN reopened the Work Session on HB 3068 and asked the members to allow REP. JONES to cast her vote for the bill. REP. JONES voted "aye."

386 ACTING CHAIR BRIAN closed the Work Session on HB 3068 and opened the Work Session on HB 2500.

402 STEVE BENDER discussed a handout entitled "\$1.97 Billion Net Revenues" that contained examples of the inclusion of (as opposed to the exemption for) various items and the sales tax rates that would be needed to raise

the \$1.97 billion. Exhibit 34 (Exhibit 33 was the updated matrix on tax reform.)

TAPE 169 SIDE A

002 STEVE BENDER continued his explanation of the handout on net revenues from a sales tax, with a HB 2500 base and with different options, that was determined by a rate from 3 3/4% to %5. Exhibit 20

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052 Questions and discussions about items that might or might not qualify for an exemption from the proposed sales tax. STEVE BENDER discussed revenue impacts for each option.

238 CHAIR JONES conducted administrative business.
Discussion

280 ACTING CHAIR BRIAN adjourned the meeting at 5:37.

Paula K.McBride, Committee Assistant
Kimberly Taylor James, Office Manager

EXHIBIT SUMMARY

1. Staff Measure Summary, HB 2797, Terry Drake, Legislative Revenue Office.
2. Staff Measure Summary, HB 2797, Sample Brown, House Education Committee.
3. Revenue Analysis of Proposed Legislation, HB 2797, Terry Drake, Legislative Revenue Office.
4. Fiscal Impact Assessment, HB 2797, Legislative Fiscal Office.
5. HB 2125-A6, Steve Bender, Legislative Revenue Office.
6. HB 2125-6, Boxing Tax, Steve Bender, Legislative Revenue Office.
7. Revenue Analysis of Proposed Legislation, HB 2125-A6, Steve Bender, Legislative Revenue Office.
8. Fiscal Analysis of Proposed Legislation, HB 2125-A6, Ken Rocco, Legislative Fiscal Office.
9. HB 2431-A2, Jim Scherzinger, Legislative Revenue Office.
10. Staff Measure Summary, HB 2431-B, Jim Scherzinger, Legislative Revenue Office.
11. Fiscal Analysis of Proposed Legislation, HB 2421-A2, Roz Shirack, Legislative Fiscal Office.
12. Taxability of Machinery & Equipment Used in Manufacturing By State, Gary Carlson, Associated Oregon Industries.
13. HB 2176-2, Steve Meyer, Legislative Revenue Office.
14. Staff Measure Summary, HB 2176-2, Steve Meyer, Legislative Revenue Office.

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FXHIBIT SUMMARY (continued)

15. Revenue Analysis of Proposed Legislation, HB 2176-2, Steve Meyer, Legislative Revenue Office.
16. Fiscal Analysis of Proposed Legislation, Robin LaMonte, Legislative Fiscal Office.
17. Memorandum to House Committee on Revenue and School Finance, re: HB 217 6, Randy MacDonald, University of Oregon.
18. SB 993-A3, Steve Meyer, Legislative Revenue Office.
19. Staff Measure Summary, SB 993-A3, Steve Meyer, Legislative Revenue Office.
20. Revenue Impact Analysis, SB 993-A3, Steve Meyer, Legislative Revenue Office.
21. Fiscal Impact Assessment, Legislative Fiscal Office.
22. HB 2124-6, Steve Meyer, Legislative Revenue Office.
23. Staff Measure Summary, HB 2124-6, Steve Meyer, Legislative Revenue Office.
24. Revenue Analysis of Proposed Legislation, HB 2124-6, Steve Meyer, Legislative Revenue Office.
25. Fiscal Analysis of Proposed Legislation, Ken Rocco, Legislative Fiscal Office.
26. Letter from Judy Gerrard, on HB 2124, 6/21/93.
27. Staff Measure Summary, HB 3068A, Terry Drake, Legislative Revenue Office.
28. Revenue Analysis of Proposed Legislation, HB 3068A, Terry Drake, Legislative Revenue Office.
29. Fiscal Analysis of Proposed Legislation, HB 3068, Ken Rocco, Legislative Fiscal Office.
30. HB 3649-A5, Dick Yates, Legislative Revenue Office.
31. Revenue Analysis of Proposed Legislation, HB 3649-5, Dick Yates, Legislative Revenue Office.
32. Fiscal Analysis of Proposed Legislation, Ken Rocco, Legislative Fiscal Office.
33. House Revenue Committee Tax Reform Proposal, updated matrix, Steve Bender, Legislative Revenue Office.
34. \$1.97 Billion Net Revenues, Steve Bender, Legislative Revenue Office.
35. Memorandum to members of House Revenue Committee, from "Supporters of limited sales tax exemption for persons with disabilities."
36. Letter to Representative Jones, from R. William Linden, Jr., Judicial Department.

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***NOTE: TAPE 166 SIDE A was accidentally erased. These minutes were derived from the Committee Assistant's notes of the meeting, plus information from Legislative Revenue staff.

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