

Work Session: HJR 10 HB 2500
Tapes 172-173 A/B

HOUSE COMMITTEE ON
REVENUE AND SCHOOL
FINANCE

JUNE 28, 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: Barbara Seymour,
Legislative Counsel

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

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004 CHAIR JONES called the meeting to order at 10:08.

006 CHAIR JONES opened the Work Session on HJR 10.

010 STEVE BENDER discussed the changes the amendments HJR 10-7 would make to HJR 10, and he also compared these amendments to those discussed on 6/25/99, HJR 10-5. Exhibit 2 (Exhibit 1 was the updated daily matrix on the "Tax Reform Proposal")

Discussion

030 STEVE BENDER discussed new language in HJR 10-7 related to the surtax rates. He also mentioned that the word "sale" on the first line of (b) in Section 10a should be "sales." Exhibit 2

058 STEVE BENDER explained the changes in subsection (3) of Section 10a related to "education of sales tax moneys to education." Exhibit 2

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068 STEVE BENDER discussed changes in subsection (b) of Section 10a, which now additionally has a "lead line." Exhibit 2

Discussion

098 CHAIR JONES concluded that language could be added to subsection (b), on line 23, to the effect of "revenue lost to the school system because of the limitations " Exhibit 2

Discussion of subsection (b), Section 10a, HJR 10-7 -

137 STEVE BENDER discussed the changes in subsection (4) of Section 10a. Exhibit 2

147 CHAIR JONES summarized the concern Legislative Counsel had with having two constitutional changes in one HJR, but Counsel now believed there wouldn't be a problem.

154 STEVE BENDER discussed Section 4a, related to the dedication of lottery

revenue. Exhibit 2

162 STEVE BENDER explained Section 3 in HJR 10-7, which has added a "lead line." Exhibit 2

217 STEVE BENDER clarified the intent of the amendments HJR 10-7, Section 10a, subsection (1) which did "not restrict the ability of the state to impose the sales tax on services; however, by removing the phrase 'tangible personal property' in Section 10a, subsection (1) (as depicted in HJR 10-7) the amendments extend the 5% rate limitation to any tax that may be applied in the future on services." He then discussed the effect of Section 3 (page 3) of HJR 10-7, which was to implement HB 2500. HB 2500, in turn, would impose a sales tax only on goods. Exhibit 2

Discussion

237 STEVE BENDER said the only change in Section 10b was the "lead line," which he explained. Exhibit 2

222 STEVE BENDER related that "Paragraph 2" was no different from HJR 10-5.

264 CHAIR JONES recessed the meeting at 10:56 and reconvened at 11:29.

265 BARBARA SEYMOUR and members talked about changes in language

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that might be made to assuage their concerns. The first issue related to subsection (b) of Section 10a, related to the language "refunds and credits for overpayments." Exhibit 2

Discussion

350 CHAIR JONES read the language in subsection (b) of Section 10a that reflected changes requested by members, including the added language "revenue lost to the public school system." Exhibit 2

Discussion

407 BARBARA SEYMOUR said she would mention "Measure 5" in the lead line of subsection (b), to read: "Use of sales tax proceeds to replace revenue lost due to property tax limitation (1990 Measure 5)."

Discussion

425 CHAIR JONES said another change to subsection (b) of Section 10a should be "revenue lost by the public school system." Exhibit 2

412 STEVE BENDER read the entire paragraph comprising subsection (b) of Section 10a, confirming language changes requested by the members.

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015 CHAIR JONES asked for other requested changes in language in HJR 10-7.

018 Discussion with BARBARA SEYMOUR about language in HJR 10-7 and her motivation for choosing various words and phrases.

176 CHAIR JONES recessed the meeting at 10:58 and reconvened at 11:03. She talked about her intentions with HJR 10.

195 CHAIR JONES asked for consensus on "Paragraph 1," HJR 10-7, page 1. There was consensus.

200 CHAIR JONES asked for consensus on Section 10 in HJR 10-7. There was consensus.

204 CHAIR JONES asked for consensus on Section 10a, through line

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18, HJR 10-7. There was consensus.

Discussion

210 CHAIR JONES asked for consensus on subsection (b) of Section 10a, and she read the language. There was consensus.

225 REP. CARTER raised the issue of her amendment to HJR , HJR 106, which she read. Exhibit 3

238 MOTION REP. CARTER moved adoption of
amendments HJR 10-6 to HJR 10-

7,

to be inserted into subsection
(3) of Section 10a (on line 18
page 2).

DISCUSSION

260 REP. CARTER spoke to her motion, which was aimed at providing revenue for local governments to continue children's programs and services.

DISCUSSION

290 STEVE BENDER related that, assuming 1/2 of 1% of the sales tax rate, the sales tax would generate for cities and-counties in the 1995-97 biennium approximately \$265 million.

Discussion

312 STEVE BENDER believed the local government revenue loss from Measure 5, for 1995-97, was \$129 million.

DISCUSSION

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002 DISCUSSION (continued)

007 REP, CARTER closed the discussion on HJR 10-6, reminding members that this amendment does not create a local option. She related why this amendment was needed.

035 VOTE The motion failed 3-8. Ayes: REPS. CARTER, FEDERICI, and BURTON.
Nays: REPS. GIROD,

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SHIBLEY, WALDEN, WHITTY,
ADAMS, BRIAN, SCHOON, and
CHAIR JONES.

047 CHAIR JONES asked for consensus on subsection (4) of Section 10a, HJR 10-7. There was consensus.

048 CHAIR JONES asked for consensus on subsection (5) of Section 10a. There was consensus.

049 CHAIR JONES asked for consensus on Section 4a.

050 MOTION REP. BURTON moved to concep
tually amend HJR 10-7, Section
4a, by deleting the words "one
half of" on line 3, page 3 and
adding the words "all of."

057 REP. BURTON spoke to his motion, believing the constitutional already stipulated that the state must find funding for schools and public safety. The lottery would be such a source, and the Committee could establish the

process for disseminating this revenue source.

DISCUSSION

203 REP. BURTON summarized his reasons for supporting the conceptual amendment to HJR 10-7.

238 VOTE The motion failed 3-8. Ayes:
REPS. GIROD, SHIBLEY, and
BURTON. Nays: REPS. FEDERICI,
WALDEN, WHITTY, ADAMS, BRIAN,
CARTER, SCHOON, and CHAIR
JONES.

253 CHAIR JONES asked for consensus on Section 4a. as written. There was opposition and a vote ensued on the issue of accepting Section 4a as it reads in HJR 10-7.

258 VOTE The motion passed 6-5. Ayes:
REPS. GIROD, WALDEN, BRIAN,
CARTER, SCHOON, and CHAIR
JONES. Nays: REPS. SHIBLEY,
WHITTY, ADAMS, BURTON, and
FEDERICI.

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268 CHAIR JONES asked for consensus on Section 3.

257 MOTION REP. BURTON moved to concep
tually amend Section 3, HJR 10
7, on line 7, by deleting the
words "on goods."

DISCUSSION

279 REP. BURTON spoke to his motion, believing it should be clear to both the Legislative body and the public that there was a consciousness that allowed the sales tax to be levied on both goods and services, even though it may be limited to goods only statutorily in HB 2500.

DISCUSSION

351 CHAIR JONES clarified the intent of REP. BURTON's amendment, which was to remove any conditions on HB 2500.

DISCUSSION

413 VOTE The motion passed 6-5. Ayes:
REPS. SHIBLEY, WALDEN, WHITTY,
BURTON, CARTER, and FEDERICI.
Nays: REPS. ADAMS, BRIAN,
GIROD, SCHOON, and CHAIR JONES.

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009 CHAIR JONES asked for consensus on Section 3 of HJR 10-7 as amended. Questions and discussion

011 There was consensus.

015 CHAIR JONES asked for consensus on the part of Section 10b on page 3 of HJR 10-7. There was consensus.

018 CHAIR JONES asked for consensus of the balance of Section 10b, on page 4 of HJR 10-7.

Questions and discussion

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recording.
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028 CHAIR JONES asked for consensus on "Paragraph 2" on page 4 of HJR 10-7. There was consensus.

030 CHAIR JONES asked members if they wanted to reconsider any of the sections in HJR 10-7.

Discussion

037 STEVE BENDER explained that wording the limit the sales tax to goods only should be put into Section 10a, subsection 2, page 2 of HJR 10-7, which is the section that lists the exemptions from this tax. The term "and services" would be added after the word "power," and this would require services to be exempt from the sales tax.

Discussion

056 MOTION REP. BRIAN moved to conceptually amend HJR 10-7, Section 10a, subsection (2) (line 12, page 2) by adding the words "and "services" after the word "power."

DISCUSSION

066 BARBARA SEYMOUR concurred that subsection (2) of Section 10a of HJR 10-7 would be the correct place to add an exemption of services, but she was concerned about the how broad the term "services" was. However, she thought the term could be defined by law through HB 2500.

Discussion

075 REP. BRIAN spoke to his motion, specifically stressing that it should be clearly stated that the sales tax would be limited to goods, if that was the policy decided upon by the Committee.

DISCUSSION

145 CHAIR JONES restated the motion for the members.

DISCUSSION

(continued)

243 CHAIR JONES recessed the meeting at 10:02 and reconvened at 3:40. She reminded members that a motion was before the Committee.

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265 VOTE* (see below) The motion failed 5-4, due to the lack of a majority voting in support. Ayes: REPS, WALDEN, ADAMS, GIROD, SCHOON, and CHAIR JONES. Nays: REPS, WHITTY, CARTER, FEDERICI, and SHIBLEY.

279 CHAIR JONES noted that a majority had not been reached.
*286 REP. WALDEN changed his vote to "nay" and served notice of possible reconsideration.
*287 REP. SCHOON changed his vote to "nay" and served notice of possible reconsideration.
297 CHAIR JONES recessed the meeting at 3:44 and reconvened at 3:45
*298 MOTION REP. WALDEN moved to reconsider
the vote by which the motion
failed on the last amendment to
HJR 10-7 (adding "and services"
to Section 10a, subsection (2)).
DISCUSSION
*307 ORDER There being no objection, CHAIR
JONES so ordered.
*309 CHAIR JONES restated the motion, as follows: adding the words "and
services" to HJR 10-7, Section 10a, subsection (2).
NO DISCUSSION
*317 VOTE The motion passed 6-5. Ayes:
REPS. WALDEN, ADAMS, BRIAN,
GIROD, SCHOON, and CHAIR JONES.
Nays: REPS. WHITTY, BURTON,
CARTER, FEDERICI, and SHIBLEY.
328 CHAIR JONES conducted administrative business.
341 CHAIR JONES adjourned the meeting at 3:54.

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

EXHIBIT SUMMARY

1. House Revenue Committee Tax Reform Proposal (updated version of matrix), Steve Bender, Legislative Revenue Office.
2. HJR 10-7, Steve Bender, Legislative Revenue Office.
3. HJR 10-6, Representative Margaret Carter, District 18.

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