

Work Session: HB 2500
HB 3677
Tapes 193-194 A/B
195 -196 A/B
197 -198 A
HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

-

JULY 14, 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 Jim Whitty
Members Excused: Representative Greg Walden
Witnesses Present: Paul Warner, State
Economist,

Executive Department
Barbara Seymour, Legislative Counsel
Bob Cantine, Association of Oregon Counties
Jim Manary, Department of Revenue
Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 193 SIDE A

004 CHAIR JONES called the meeting to order at 10:42, and she conducted administrative business.
022 CHAIR JONES opened the Work Session on HB 2500.
025 STEVE BENDER described the amendments HB 2500-47 (see Exhibit 1, page 47, 7/12/93) related to corporate excise and income taxes.
045 CHAIR JONES asked members for consensus for HB 2500-47. There was consensus.
047 STEVE BENDER said the next set of amendments, HB 2500-45,

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
July 14, 1993 Page 2

would be discussed (see Exhibit 1, pages 57-61, 7/12/93).

Discussion

053 JIM SCHERZINGER related that the amendments HB 2500-45 would be changed, and he gave the reasons for these changes. The amendments defined the appropriation to the Department of Education to make up losses in the school distribution formula given the Personal Income Tax reduction, Property Tax reduction, and Corporate Tax changes contained in HB 2500. He mentioned the relevant revenue issues involved with this amendment.
Questions and

discussion

100 JIM SCHERZINGER talked about how HB 2500-45 would change with the proposed amendments, beginning with the removal of subsection (2).

Questions and

discussion

126 CHAIR JONES asked for members for consensus to remove subsection (2) of HB 2500-45. There was consensus.

329 JIM SCHERZINGER explained subsection (3) of HB 2500-45, giving further revenue changes related to the loss of property tax dollars to schools in Oregon through HJR 10 if passed by the voters/

Questions and discussion about page 1 of HB

250 0-45

173 JIM SCHERZINGER changed the figure on line 3, page 2 of HB 2500-45, subsection (b), which would be \$48 million.

Questions and

discussion

191 CHAIR JONES noted no objection-to the new figure \$48 million on page 2 of HB 2500-45.

192 JIM SCHERZINGER explained Section 395b of HB 2500-45, related to "State School Fund distribution formula." He talked about the first adjustment to the formula.

215 JIM SCHERZINGER discussed Section 395c, related to the State School Fund distribution appropriation for 1994-95.

Questions and

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 July 14, 1993 Page 3

243 JIM SCHERZINGER mentioned the third adjustment to the State School Fund distribution formula, found on line 24 of page 3 in the amendments HB 250 0-45. The figure on that line was changed from \$633.6 million to \$369.1 million due to changes in the collection of property tax dollars.

Questions and discussion

324 JIM SCHERZINGER continued his explanation of the third adjustment to the school distribution formula, on page 3 of HB 2500-45.

335 CHAIR JONES asked for consensus on the amendments HB 2500-45, as conceptually amended (and redrafted).

Questions and discussion

365 CHAIR JONES noted consensus for HB 2500-45 as conceptually amended.

Discussion

380 JIM SCHERZINGER began his discussion of the amendments HB 2500-33, which had the language for the "State Spending Limit." He defined terms in Section 491 of the amendments through the first page. (see Exhibit 1, pages 62-65, 7/12/93)

Questions and discussion

413 JIM SCHERZINGER gave revenue numbers for the categories in Section 491 of HB 2500-33, subsections (A), (B), (C) and (D).

TAPE 193 SIDE A

030 JIM SCHERZINGER discussed subsection (d) of Section 491, HB 2500-33, related to "estimated appropriations from covered taxes in the base biennium.

Questions and discussion

044 JIM SCHERZINGER explained the subsection (e) of Section 491 in the

amendments HB 2500-33, concerning the "percentage growth or decline in consumer prices since the base biennium."

Questions and 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 July 14, 1993 Page 4

067 CHAIR JONES clarified that the estimate in subsection (e) was a forecast on "CPI" (Consumer Price Index).

Questions and discussion

091 PAUL WARNER gave members information about the Portland CPI, related to subsection (e) of Section 491 that the members were discussing.

Questions and discussion

116 JIM SCHERZINGER summarized requested changes to subsection (e) of Section 491, HB 2500-33, related to substituting the term "calendar year" for "fiscal year."

325 JIM SCHERZINGER discussed subsection (f) of Section 491, of HB 2500-33, related to "percentage growth or decline in population."

135 PAUL WARNER informed members that population figures were available to the public on a July 1 basis.

145 JIM SCHERZINGER finished his explanation of terms in the rest of Section 491, HB 2500-33.

167 JIM SCHERZINGER began to read Section 492, subsections (1)(a) through (3)(b), related to the "Reserve Fund."

Questions and discussion

189 REP. SCHOON explained why the figure 3% for the "School Reserve Fund" was used instead of the previously proposed 2%.

210 REP. ADAMS further explained why the percentage figure was changed in Section 492 (1)(a), related to the "Reserve Fund."

Questions and discussion related to the mechanism of the "School Reserve Fund."

332 REP. SCHOON expressed concern about the use of the word "forecast" on line 30, page 3 of HB 2500-33.

Discussion with PAUL WARNER about the issue related to the use of the economic "forecast" done by the state in HB 2500-33.

TAPE 194 SIDE B

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 July 14, 1993 Page 5

003 Discussion continued about the word "forecast" in HB 2500-33, page 3.

009 PAUL WARNER indicated that the next economic forecast would be in September.

Discussion continued about the use of the "forecast" in relation to the "State School Reserve Fund."

027 JIM SCHERZINGER gave the dollar value differences between using 2% and 3% in HB 2500-33 for the "Reserve Fund."

036 CHAIR JONES asked for members for consensus on the percentages in HB 2500-33 (2% in subsection (d) of Section 491, and 3% in subsection (a) of Section 492). She wanted the rationale from subcommittee members on why

they chose 2% in Section 491 and 3% in Section 492.
Questions and discussion

092 MOTION CHAIR JONES asked for
consensus in HB 2500-33 for a
"3% beginning and a 9% tops."

DISCUSSION

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

Discussion

126 MOTION CHAIR JONES asked for
consensus in HB 2500-33 for a
"2% beginning and a 8% tops."

DISCUSSION

129 VOTE The motion passed 7-4. Ayes:
REPS. BURTON, CARTER, GIROD,
WALDEN, WHITTY, BRIAN, and CHAIR
JONES. Nays: REPS. FEDERICI,
SHIBLEY, ADAMS, and SCHOON.

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 July 14, 1993 Page 6

142 JIM SCHERZINGER explained the purpose of Section 493 of HB 250033.
Questions and discussion

169 MOTION CHAIR JONES moved to adopt the
amendments HB 2500-33 as
amended
to HB 2500.

NO DISCUSSION

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

182 STEVE BENDER began an explanation of the "technical amendments" contained in HB 2500-3, which would implement requested changes to HB 2500. The amendments had a cover sheet that explained them (see Exhibit 1, pages 66-71, 7/12/93).

Questions and discussion interspersed with this explanation

297 CHAIR JONES pointed out to members that the first item on page 4 of HB 2500-3 came from the Judicial Department (Oregon Tax Court), and STEVE BENDER confirmed that the Department of Revenue (DOR) had found nothing wrong with these requested changes.

306 STEVE BENDER continued his explanation of the amendments HB 2500-3, page 4.

Questions and discussion interspersed with this explanation

378 STEVE BENDER discussed the language related to deletion of two sections, Section 475 and 476, in HB 2500.

394 STEVE BENDER discussed the language in HB 2500-3, page 5, related to the addition of a new Section 489 and to the failure of HJR 10A at the ballot.

TAPE 194 SIDE B

012 CHAIR JONES asked members for consensus on HB 2500-3 as conceptually amended. There was consensus.

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 July 14, 1993 Page 7

015 CHAIR JONES conducted administrative business.

022 STEVE BENDER briefly discussed two sets of amendments for HB 2500 requested by REP. BURTON, stating they would be presented at another hearing.

Discussion

031 CHAIR JONES asked if any other members had amendments to HB 2500 they wanted the Committee to consider.

033 REP. GIROD described amendments he will propose.

Questions and

discussion

049 REP. SCHOON informed members of his proposed amendment to HB 2500 related to the school fund.

Discussion

113 REP. CARTER raised an issue with Legislative Counsel concerning the preparation of meals for seniors by for-profit companies.

116 BARBARA SEYMOUR testified about the issue of meal preparation by for-profit companies. HB 2500 would not exempt those meals from the sales tax.

Questions and

discussion

153 BARBARA SEYMOUR clarified that the meals in question would be prepared on site but then "sold" either directly or as an inclusion in the cost of rent. The sales tax would be collected on the portion of the monthly fee that was designated for meals; therefore, the residents would pay the sales tax.

Discussion

161 REP. CARTER reiterated that it would be a policy decision by the Committee in terms of whether to "exempt for-profit senior centers versus non-profit senior centers."

167 REP. BURTON clarified that the issue was about "residences" rather than "centers." Comparing this issue with another concerning senior citizens, he believed the relevant discussion should be about whether or not these "residences" were the "homes"

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

July 14, 1993 Page 8

of these people, which he believed were and should be treated as such.

Discussion

186 BARBARA SEYMOUR explained generally how other states have dealt with meal exemptions to the sales tax. She revealed how these meals have been

treated in previous sales tax proposes, which was to grant a "low income credit" applicable to the meals under certain criteria.

Discussion

210 BARBARA SEYMOUR believed there was a "health care facilities meal" exemption already in HB 2500, and that this exemption applied to long-term care and skilled-care facilities.

Discussion

261 BARBARA SEYMOUR discussed similar issues related to the property tax on facilities for the elderly, whether private or public, for-profit or non-profit.

282 CHAIR JONES conducted administrative business.

309 CHAIR JONES recessed the meeting at 12:24 and reconvened at 1:50.

327 STEVE BENDER discussed the amendments HB 2500-46 (there was a previous set of amendments numbered HB 2500-46, but this set replaced them). Per the request of the CHAIR, STEVE BENDER read only those items that had been added. When discussing each change, he pointed out to members where the change would be inserted into HB 2500. He began with information on page 2 regarding the 5% sales and use tax rate and covered other changes on that page. Exhibit 1

363 STEVE BENDER mentioned changes on page 3 of the amendments HB 2500-46. Exhibit 1

376 STEVE BENDER informed members that any references in HB 250046 to "416" had to do with references to local sales taxes which were prohibited.

Exhibit 1

383 STEVE BENDER explained changes on page 4 of HB 250046, applied to lines 10-23 on page 28 of HB 2500 and related to

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 July 14, 1993 Page 9

machinery

427 STEVE BENDER explained other language on page 4 of HB 2500-46, dealing with an exemption for "containers." Exhibit 1

TAPE 195 SIDE

A

009 STEVE BENDER discussed further changes on page 4 of HB 250046, related to photo processing. Other changes that began on page 4 and continued through page 8, line 12 dealt with "making contractors consumers."

017 STEVE BENDER said the next changes on page 8 related to "accelerated title" language and the leasing of dry docks.

022 STEVE BENDER discussed language changes on page 9 of the new version of HB 2500-46, related to the partial exemption for vending machines. Exhibit 1

Discussion .

039 STEVE BENDER discussed changes on page 10 of HB 250046 related to the exemption of "alcoholic liquor." Exhibit 1

Questions and

discussion

051 STEVE BENDER discussed the technical amendment on page 10 that clarified the types of information the DOR can request about vendors at "markets" (flea, Saturday, etc.). Exhibit 1

059 STEVE BENDER talked about other changes on page 10 of HB 250046, and he said that beginning on line 29 of page 10 through line 12 of page 11 was the language related to the exemption of soft drinks, mineral water, and

hard liquor. He pointed out this information would be in HB 2500. Exhibit 1
074 STEVE BENDER discussed the rest of the language on pages 11 of HB
250 0-46, which dealt with food exemptions. This material continued through
page 13, line 2. Exhibit 1

081 STEVE BENDER reviewed the changes related to "durable medical
equipment, oral prosthetics, and ophthalmologists" on pages 13 and 14 of HB
250 0-46. Exhibit 1

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 July 14, 1993 Page 10

087 STEVE BENDER talked about the language that dealt with liquefied
petroleum gas and coal on page 14 of HB 2500-46. Exhibit 1

093 STEVE BENDER explained the new language from pages 1426 of HB 2500-46,
related to the production exemption agreed upon in concept by the members.
Exhibit 1

Questions and
discussion

121 STEVE BENDER explained that the language for the production exemption,
on pages 14-26, took into account court decisions on this subject from
other states.

Discussion

137 STEVE BENDER pointed out the language related to the rate on production
equipment, on page 18. Exhibit 1

144 STEVE BENDER said language beginning on line 15 of page 36 and
continuing through line 17 of page 37 related to the exemption of
hospitals. Exhibit 1

157 STEVE BENDER discussed the new language on pages 37-39, related to the
production exemption for commercial deep sea fishing (separated from the
main section on production). Exhibit 1

167 STEVE BENDER pointed out the language in Section 232 of HB 2500-46,
pages 39-40, related to the exemption for "auto stack" equipment. Exhibit 1

172 STEVE BENDER talked about the language related to "motor vehicles and
trailers used in interstate or foreign commerce," on pages 40-41 of HB
250 0-46. Exhibit 1

178 STEVE BENDER discussed the rest of the changes to HB 2500 contained on
page 41, line 19 through page 42, line 17 of HB 250046. Exhibit 1

201 STEVE BENDER discussed other language on page 42 of HB 250046. Most of
these changes related to numbering changes in HB 2500. Exhibit 1

227 JIM SCHERZINGER pointed out the new language in HB 250046 related to
the "Appropriation to the Department of Education" on pages 42-44. All
references to the Personal Income Tax had been

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

July 14, 1993 Page 11

removed, and the new numbers for the State School Fund and for community
colleges were included. He went through changes to Sections 395(a), 395(b),
and 395(c) of HB 250046. Exhibit 1

267 JIM SCHERZINGER explained changes in HB 2500-46, pages 45-54 (line 1), related to the "School Property Tax Rate" reductions. Exhibit 1

Questions and discussion

326 JIM SCHERZINGER read the language in Section 474c related to definitions of terms contained in the information on property tax rate reductions.

Questions and discussion

350 JIM SCHERZINGER continued reading the language related to the terms in Section 474c on property tax reductions in HB 2500-46. Exhibit 1

401 Questions and discussion about the "August 1" date in subsection (5) (b) of Section 474c (page 49) of HB 2500-46. Exhibit 1

TAPE 196 SIDE A

011 BARBARA SEYMOUR provided the rationale for the "August 1" date in subsection (5) (b) of Section 474c (page 49) of HB 2500-46. Exhibit 1

Questions and discussion

(BARBARA SEYMOUR participated in the rest of the discussion of the material on the homestead rate, through page 53 of HB 2500-46. Exhibit 1

032 Questions and discussion about the term "homestead" as defined in Section 474c of HB 2500-46, specifically concerning multiple-acre lots that could qualify for the "homestead exemption."

103 CHAIR JONES asked Legislative Counsel to work with county officials to create different language related to multiple-acre lots.

112 JIM SCHERZINGER and BARBARA SEYMOUR further discussed mobile

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

July 14, 1993 Page 12

homes in relation to qualification for the "homestead" designation. Exhibit 1

119 JIM SCHERZINGER read additional from Section 474d of HB 250046 concerning "the entitlement of homestead property to the homestead rate." Questions and discussion

134 JIM SCHERZINGER continued reading Section 474d of HB 2500-46 about application for the "homestead rate." It was determined that the date should be changed on line 24 of page 50 of HB 2500-46 to "1994-95." Exhibit 1

Discussion

165 JIM SCHERZINGER continued his reading of language related to the application for the "homestead rate" in Section 474d of HB 2500-46, subsection (5) (c). Exhibit 1

170 JIM SCHERZINGER presented the language in Section 474e, of HB 2500-46, related to the role of the county assessor in the process of application for a "homestead" exemption. Exhibit 1

Discussion

194 CHAIR JONES thought that HB 2500 should contain a provision that information would show on each tax bill that the "homestead" exemption was in effect.

203 JIM SCHERZINGER read other language about the homestead exemption rate in subsection (2) of Section 474e, including language related to the penalty for failing to notify the assessor's office of use of a property that would nullify the homestead exemption. Exhibit 1

214 Questions and discussion related to the 20% penalty on page 52. Exhibit 1

223 JIM SCHERZINGER continued with the information about the penalty in

subsection (3) of Section 474e, on page 52 of HB 250046. He went through the rest of the language on pages 52-53 related to the homestead rate.

Questions and discussion related to the subsection (2) language about "additional tax."

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 July 14, 1993 Page 13

233 JIM SCHERZINGER read the language in Sections 474f, 474g, and 474h [into subsection (2)] of HB 2500-46. Exhibit 1

250 BARBARA SEYMOUR explained the statute cited in subsection (2) of Section 474h in HB 2500-46. Exhibit 1

Questions and discussion

263 JIM SCHERZINGER finished Section 474f in HB 2500-46. Exhibit 1

284 JIM SCHERZINGER went through Section 474i of HB 2500-46, related to application date for the "homestead rate" and to applicable ballot measure (HJR 10). Exhibit 1

Questions and discussion about the provisions relating to the homestead exemption

341 JIM SCHERZINGER pointed out the material in Sections 475 and 476 related to the "Earned Income Credit," the "Changes to Corporate Excise," and "Corporate Income Taxes" beginning on page 54. Exhibit 1

349 BARBARA SEYMOUR pointed out a grammatical error in the heading printed before Section 475.

Questions and discussion

361 JIM SCHERZINGER continued with the information in Section 476d concerning increases to the Corporate Income and Excise Taxes. Exhibit 1

370 JIM SCHERZINGER went through the material on the "Earned Income Credit" in Section 476d, HB 2500-46. He mentioned the relationship of the Federally-proposed expansion of the "Earned Income Credit" to this material. Exhibit 1

Questions and discussion

388 JIM SCHERZINGER finished the material in Section 476 on income and corporate tax changes in HB 2500-46, including the language in 476e related to the applicable ballot measure. Exhibit 1

413 JIM SCHERZINGER said the material on the "State Spending Limit" as related to the "Reserve Fund" on pages 56-58 of HB 250046 was same as previously discussed, except for the change in

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
July 14, 1993 Page 14

percentage growth or decline in consumer prices. Exhibit 1

TAPE 195 SIDE B

024 CHAIR JONES notified members of a change that had to be made to HB 2500-46, page 36. Exhibit 1

026 JIM SCHERZINGER explained the change and the consequences of it on page 36 of HB 2500-46. Exhibit 1

Questions and

discussion

040 CHAIR JONES asked if there were further amendments to HB 250046.

Discussion

053 CHAIR JONES asked for members for consensus on HB 250046, as corrected conceptually.

Discussion

059 CHAIR JONES noted consensus for HB 2500-46.

063 CHAIR JONES mentioned additional amendments for HB 2500 to be discussed by the members. She began with the ones that had been drafted by Legislative Counsel.

078 REP. SCHOON explained the purpose and effects of his proposed amendments, HB 2500-65, which related to the state appropriation for the "Sales Tax Public Education Fund." Exhibit 2

Questions and discussion

103 JIM SCHERZINGER clarified the effects of the proposed amendments HB 2500-65. He presented revenue figures related to the "Education Fund" and distribution of that fund for schools in Oregon. Exhibit 2

Questions and discussion

225 CHAIR JONES asked members for consensus for substituting the dollar amount in HB 2500-65, line 6, with language that read "a percent of dollars received to be distributed to the State School Fund." Exhibit 2

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 July 14, 1993 Page 15

Discussion

233 CHAIR JONES noted consensus for the change in HB 250065 and HB 2500-65 itself.

249 REP. BURTON introduced another amendment, HB 2500-62, which he explained was a "revenue sharing concept with local government."

The amendments proposed to use a portion of Personal Income Tax revenue for public safety and children's programs, including education. Exhibit 3

Questions and discussion

271 BOB CANTINE discussed a similar distribution to the one proposed in HB 2500-62 to the counties from lottery revenue used for economic development. However, he knew of no other formula that divided revenues in half between the cities and counties; therefore, there was no other distribution exactly like that proposed in HB 2500-62.

Discussion

291 REP. BURTON explained the distribution formula in his amendments HB 2500-62. Exhibit 3

Questions and discussion

330 REP. BURTON further clarified the distribution formula in HB 2500-62. Exhibit 3

Questions and discussion

330 STEVE BENDER believed that the county/city split was not specifically drafted into HB 2500-62. Exhibit 3

Discussion

346 STEVE BENDER corrected the percentage figure on Line 7 of HB 2500-62, replacing "2.17%" with "2.52%." Exhibit 3

Questions and

discussion

365 REP. BURTON explained and justified his intent for the HB 2500-62 amendments. Exhibit 3
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 July 14, 1993 Page 16

395 REP. BURTON gave members a handout related to his amendments HB 2500-62 concerning potential revenues derived from the sales tax and budgeting of General Fund money for the 1995-97 biennium, as related to HB 2500-62.

Exhibits 3 and 4

Questions and discussion

TAPE 196 SIDE B

002 Questions and discussion continued about the handout REP. BURTON gave members related to HB 2500-62. Exhibits 3 and 4

051 MOTION REP. BURTON moved to amend the amendments HB 2500-62, by changing the percentage on line 7 to 2.5%.

NO DISCUSSION

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

054 MOTION REP. BURTON moved to conceptually amend the amendments HB 2500-62 to show a 50/50 split in the distribution of revenue between the counties and cities.

NO DISCUSSION

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

056 MOTION REP. BURTON moved to adopt the amendments HB 2500-62 to HB 2500.

NO DISCUSSION

062 VOTE The motion failed 3-4. Ayes: REPS. FEDERICI, BURTON, and CARTER. Nays: REPS. GIROD, WHITTY, ADAMS, and CHAIR JONES. Excused: REPS. SHIBLEY, BRIAN, and SCHOON.

-

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

July 14, 1993 Page 17

-

067 CHAIR JONES gave a vote explanation.

076 REP. WHITTY predicted that issue of providing local government with revenue from the sales tax would be discussed in conference committees on HJR 10 and HB 2500. He also gave a vote explanation.

Discussion

090 REP. CARTER reviewed the amendments HB 2500-64, related to meals serviced at residential facilities, which would extend an exemption for both non-profit and for-profit organizations.

Questions and discussion

122 STEVE BENDER said he doesn't yet know the revenue impact of HB 2500-64, but he thought it would be narrow. He pointed out that HB 2500-64 did not have language relating to "low income."

Discussion

154 MOTION REP. CARTER moved to adopt the amendments HB 2500-64 to HB 2500.

DISCUSSION

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

214 REP. GIROD explained his amendments HB 2500-66, which narrowed the exemption on the "sale or use of non-food animals" in Oregon. HB 2500-66 would eliminate pets from that exemption. Exhibit 6

220 CHAIR JONES related that HB 2500-66 would change language in HB 2500-46 (adopted earlier by the Committee). Exhibits 1 and 6

236 STEVE BENDER explained the substance of the changes that would occur if HB 2500-66 were adopted to HB 2500.

253 REP. GIROD believed that the language in HB 2500-66 would clarify more than change HB 2500.

Questions and discussion

266 STEVE BENDER believed HB 2500-66 separated non-food from food

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

July 14, 1993 Page 18

animals, and pet from non-pet. Non-food animals in the nonpet category (e.g., minks, horses) were exempt from the sales tax.

Discussion

310 CHAIR JONES summarized the intent of HB 2500-66, which was to include in the exemptions from the sales tax additional non-food animals.

318 CHAIR JONES asked members for consensus for the amendments HB 2500-66. There was consensus.

322 CHAIR JONES asked if there were additional changes the members wanted to make to HB 2500-46. Exhibit 7

Discussion

340 REP. SCHOON discussed the issue of "land parcel size" in relation to the "homestead" language in HB 2500-46. He informed the members of information he'd received from the counties on this issue. Exhibit 7

Discussion of what was left to do with HB

250 0

374 CHAIR JONES recessed the meeting at 3:42 and reconvened at 5:51, and she related that the new amendments HB 2500-46 (the most recent version) contained the exemptions agreed upon by the members earlier in the meeting. Exhibit 7

389 JIM SCHERZINGER discussed changes to HB 2500-46 derived from the member's discussion during the morning portion of the hearing. Exhibit 7

TAPE 197 SIDE A

002 JIM SCHERZINGER continued his discussion of the new language in HB

250 0-46, explaining Section 395d on page 45. Exhibit 7
Questions and
discussion

065 REP. SHIBLEY and JIM SCHERZINGER discussed language in Section 474e,
subsection (c) on page 51 of HB 2500-46. Exhibit 7
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 July 14, 1993 Page 19

093 JIM MANARY further clarified the language in Section 474e, on page 51
of HB 2500-46, regarding people who have not been approved for the
"homestead" exemption and their appeal process with the Department of
Revenue. Exhibit 7

104 CHAIR JONES and STEVE BENDER discussed whether or not the retailer have
the option of either adding on the sales tax to the total price, or not. He
related that Section 40 of HB 2500-46 had language relating to options the
retailer had with the sales tax. Exhibit 7

Discussion

132 STEVE BENDER went through the "Revenue Analysis" for HB 250046, which
contained a description of the sales tax and the complementary use tax. The
exemptions were listed in the analysis, as were other provisions and
stipulations. Exhibits 7 and 8, page 1

175 STEVE BENDER related that he would be adding information to the
"Revenue Analysis" to the effect that HB 2500-46 would reserve \$5.5 million
out of the Emergency Fund for Department of Revenue implementation, to be
replaced by sales tax revenues. He then finished his explanation of page 1.
Exhibits 7 and 8

182 STEVE BENDER discussed the second page of the "Revenue Analysis" which
listed the figures associated with the revenue impact of HB 2500-46.
Exhibits 7 and 8, page 2

Questions and discussion about figures on page 2 of the "Revenue Analysis"
of HB 2500-46

310 REP. FEDERICI suggested a language change for the "Revenue Analysis,"
which was to change the word "Prohibits" (first word in third paragraph) to
"Eliminates." Members agreed to that change.

326 STEVE BENDER explained the "Staff Measure Summary" to the members. Page
1 of this summary matched the first page of the "Revenue Analysis," and
page 2 contained additional information about the measure. Exhibits 7 and 9

352 MOTION REP. CARTER moved to adopt the amendments HB 2500-46 to HB 2500.
NO 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 July 14, 1993 Page 20

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

365 MOTION REP. SCHOON moved HB 2500 as
amended to the House Floor with
a do-pass recommendation.
NO DISCUSSION

375 VOTE The motion passed 10-0. Ayes:

REPS. WHITTY, ADAMS, BRIAN,
BURTON, CARTER, FEDERICI,

GIROD,

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

388 REP. GIROD offered a vote explanation.

394 REP. FEDERICI gave a vote explanation.

399 REP. BURTON provided his vote explanation.

428 REP. SCHOON thanked the CHAIR for her efforts with the tax reform package and, more specifically, the sales tax.

TAPE 198 SIDE

A

005 CHAIR JONES congratulated the members for their diligent work on the sales tax and thanked them for working through the difficult issues. Additionally, she explained what she believed were the reasons the sales tax package, as part of tax reform, was crafted for the people of Oregon.

038 CHAIR JONES conducted administrative business, specifically concerning Committee and subcommittee scheduling.

050 CHAIR JONES adjourned the meeting at 6:24.

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

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
July 14, 1993 Page 21
.

EXHIBIT SUMMARY

1. HB 2500-46 (new version, dated 7/14/93-1), Steve Bender, Legislative Revenue Office.
2. HB 2500-65, Representative John Schoon.
3. HB 2500-62, Representative Mike Burton.
4. 1995-97 General Fund, Representative Mike Burton.
5. HB 2500-64, Representative Margaret Carter.
6. HB 2500-66, Representative Fred Girod.
7. HB 2500-46 (final version, presented in afternoon), Steve Bender, Legislative Revenue Office.
8. Revenue Analysis of Proposed Legislation, HB 2500-46, Steve Bender, Legislative Revenue Office.
9. Staff Measure Summary, HB 2500-46, Steve Bender, Legislative Revenue Office.

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.