

OREGON TAX  
SYSTEM  
Tapes 028-29 A/B

SENATE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
FEBRUARY 4, 1993 1:00 AM HEARING ROOM A STATE CAPITOL  
BUILDING

Members Present: Senator Shirley Gold, Chair  
Senator Brady Adams  
Senator Ron Cease (absence 2:30-2:45 departure 2:55)  
Senator Rod Johnson (arrival 1:20 departure 1:55)  
Senator Peg Jolin (absence 2:00-2:30)  
Senator Paul Phillips  
Senator Tricia Smith (departure 2:05)  
Witnesses Present: Rich Munn, Director,  
Department of Revenue  
Tom Clifford, Legislative Counsel  
Joe Cortright, Executive Director,  
Committee on Trade and Economic Development

Staff: Jim Scherzinger, Legislative Revenue Officer  
Steve Bender, Legislative Revenue Office  
Jennifer Belkle, Committee Assistant

TAPE 28 SIDE A

004 CHAIR GOLD called the meeting to order at 1:15 p.m.  
012 RICHARD MUNN testified regarding the history of Oregon's tax system.  
Questions and discussion interspersed.  
360 RICHARD MUNN stated that there is an economic theme that everything is  
centered around the property tax.

TAPE 29 SIDE A

001 TOM CLIFFORD testified regarding the Oregon State Constitution.  
Exhibits 1 & 2.  
028 TOM CLIFFORD communicated that he would point out the provisions in the  
Constitution that pertain to taxes.  
Questions and discussion interspersed.  
085 TOM CLIFFORD asserted that measures which are revenue raisers should be  
introduced by the House. Measures which have a dual purpose, only one of  
which is to raise revenue, may be introduced by the Senate. However, if  
there is any question, it is best to go

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These minutes paraphrase and/or summarize statements made during this  
meeting. Text enclosed in quotation marks reports the speakers exact words.  
For complete context of proceedings, please refer to the tape recording.  
Senate Committee on  
Revenue and School  
Finance  
February 4, 1993 Page 2

through the House first to avoid court battles revolving around how the  
measure was introduced after the measure has been enacted.  
If the revenue issue is incidental then it would be acceptable to introduce  
that measure in the Senate.  
Questions and discussion interspersed.  
100 CHAIR GOLD inquired about the issue of constitutional referrals having  
to do with revenue policy originating in the Senate.  
106 TOM CLIFFORD explained that a constitutional amendment does not fall

into any of the discussed categories because it is not a bill. Article 17 of the Constitution specifically states that EITHER house may propose amendments to the Constitution.

Questions and discussion interspersed.

210 CHAIR GOLD inquired about Senate introduction of a revenue neutral bill.

215 TOM CLIFFORD responded that a revenue neutral bill would have permissible introduction by the Senate.

280 JOE CORTRIGHT testified regarding "How Oregon's Economy is Changing". Exhibit 3.

348 JOE CORTRIGHT testified regarding the size of the Oregon Economy. He urged the committee to think of the economy as a collection of economic sectors or industries.

Questions and discussion interspersed.

395 JOE CORTRIGHT described industries in the Oregon State Economy.

SIDE

TAPE 28 B

001 JOE CORTRIGHT continued his discussion of the changing Oregon economy and the various sectors of business.

009 JOE CORTRIGHT discussed the performance of Oregon's economy.

035 JOE CORTRIGHT went over the standard economic indicators and how the State of Oregon has performed in comparison to the National averages.

Questions and discussion interspersed.

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Senate Committee

on

Revenue and School Finance February 4, 1993 Page 3

093 JOE CORTRIGHT pointed out a historic reversal of real wage levels for Oregonians in the last decade.

Questions and discussion.

160 JOE CORTRIGHT commented that the timber industry has suffered the most.

248 JOE CORTRIGHT testified that there has been large growth in low wage jobs.

Questions and discussion.

260 JOE CORTRIGHT clarified that despite the fact that this is a National trend, Oregon's rate of growth in low wage job is significantly higher.

356 JOE CORTRIGHT stressed the difference in the tax burden because of the decline in income in the State of Oregon.

TAPE 29 SIDE B

001 JOE CORTRIGHT continued testimony regarding Oregon's Changing Economy.

012 SEN. PHILLIPS commented on the nature of investments versus expenditures in state services.

016 CHAIR GOLD inquired about the economic effects of the 2% increase in Oregon's population.

050 JOE CORTRIGHT stressed that the state cannot grow itself out of a fiscal crisis with more low wage jobs. In fact, this strategy makes the problem worse.

Questions and discussion.

200 JOE CORTRIGHT suggested equipment and capitol investment incentives to grow the economic base for corporations to expand.

215 SEN. PHILLIPS contributed on the commuter economy and the necessity to entice those people looking to change their base of operations to the state of Oregon. He suggested there may be elements to Oregon's tax structure that could make a difference.

245 SEN. ADAMS inquired about the existence of a study that looks at the five highest income states and the similarities of their tax models.

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Senate Committee on  
Revenue and School Finance  
February 4, 1993 Page 4

260 JOE CORTRIGHT was not personally aware of the existence of such material.

276 CHAIR GOLD adjourned the meeting at 3:00 p.m.

Jennifer Belkle, Committee Assistant  
Kimberly Taylor, Office Manager  
Exhibit Summary

1. Clifford, February 20, 1992 Memo from Tom Clifford, 2-91
2. Clifford, Oregon State Constitution, 1993
3. Cortright, How Oregon's Economy is Changing, 1-22-93

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