

OREGON TAX
SYSTEM
Tapes 30-31 A/B

SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
FEBRUARY 5, 1993 1:00 AN HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Senator Shirley Gold, Chair
Senator Brady Adams
Senator Ron Cease (arrival 1:45)
Senator Rod Johnson
Senator Tricia Smith
Members Excused: Senator Peg Jolin
Senator Paul Phillips
Witnesses Present: Joe Cortright, Executive
Director,
Committee on Trade and Economic Development
Paul Warner, State Economist
Executive Department
Scott Ashcombe, Oregon Association of
Nurserymen
Bruce Weber, Professor of Agricultural and
Resource Economics and Extension Economist
Oregon State University ~

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

TAPE 30 SIDE A

004 CHAIR GOLD called the meeting to order at 1:20 p.m.
014 JOE CORTRIGHT testified regarding the Oregon Economy. Exhibit 1.
063 JOE CORTRIGHT summarized factors in a global economy.
135 JOE CORTRIGHT discussed the change in business from manufacturing to
high performance businesses.
165 JOE CORTRIGHT explained how the structure of a tax system impacts
businesses. He spoke of strategies and tactics that Oregon would want to
reinforce through the tax system.
Questions and discussion interspersed.

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.
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TAPE 31 SIDB A

001 JOE CORTRIGHT continued his testimony on the Oregon Economy.
Questions and discussion.
050 PAUL WARNER testified regarding the long term economic outlook.
Exhibits 2 & 3. !

140 SEN. ADAMS discusses the implications of the "baby bust".
160 PAUL WARNER discusses the characteristics of Oregon's demographics.
Questions and discussion.
250 PAUL WARNER testified regarding the importance of Europe as a

destination of exports.

270 PAUL WARNER stresses that although there has been a decrease in the importance of the timber industry, it is still a vital element of the Oregon economy.

Questions and discussion.

TAPE 30 SIDE B

001 PAUL WARNER continues testimony regarding the timber industry and other characteristics that differentiate the Oregon economy from the U.S. economy.

Questions and discussion.

030 SEN. ADAMS inquires if one of the conclusions of this information is that the rural area populations are going to get poorer and older.

040 PAUL WARNER reminds the Committee that like in most things the changes occurring bring about both winners and losers.

Questions and discussion.

128 SEN. ADAMS urges that in certain areas we not reinforce failure. If the "build-up" is all in Portland, then the jobs will all go to Portland.

Questions and discussion.

160 REP. CARTER discussed economic strategies for various regions.

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211 CHAIR GOLD moves for the introduction of LC 2196 at the request of the Oregon Association of Nurserymen as a courtesy.

218 SCOTT ASHCOMBE summarizes LC 2196 that defines the value added to dry crop land that comes from irrigating that cropland as a public benefit which is in the public interest.

260 CHAIR GOLD hearing no objections ordered the introduction of LC 2196. Exhibit 4.

300 BRUCE WEBER testified regarding the effects of a change in the tax system on the Oregon economy. He summarized the conclusions of a hearing held before the Interim Conference on Taxes and Economic Development.

Exhibits 5-9.

TAPE 31 SIDE B

001 BRUCE WEBER continued his testimony by discussing the effects of Proposition 13 in California.

Questions and discussion interspersed.

070 BRUCE WEBER stated that the conclusion that he came to at the end of this conference is that lower taxes stimulates business activity only if services are not cut. The service component of the tax system is critical in finding the answer to the tax system question. Higher taxes do not necessarily deter business and may in fact stimulate activity if the funds are used for public services such as education and infrastructure which are variables found to increase the creation of jobs.

Questions and discussion.

135 CHAIR GOLD adjourned the meeting at 2:55 p.m.

J ~ ifer Bel~ile, Committee

Assistant

- Kimberly Taylor, Office

Manager

Exhibit Summary

1. Cortright, 1993 Oregon Economic Overview, 1-2293 2. Warner, Oregon Demographics, 7-20-92 3. Warner, Long-Term Economic Outlook, 2-4-93 4. LC

219 6 - Draft, 1-26-93 5. Weber, Taxes and Economic Development

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6. Weber, Jobs and Taxes: Do State Taxes Affect Economic Development, 9-92
7. Weber, Taxes, Economic Development and Oregon's Future, 9-92
8. Weber, California Property Tax Limitation (Proposition 13): Some Possible Lessons, 9-92
9. Weber, Perspectives, Winter 1993

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meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.