

OREGON TAX
SYSTEM
Tapes 38-39 A/B

SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
FEBRUARY 11, 1993 1:00 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Senator Shirley Gold, Chair

Senator Brady Adams

Senator Ron Cease (departure 2:00)

Senator Rod Johnson

Senator Peg Jolin

Senator Paul Phillips

Members Excused: Senator Tricia Smith

Witnesses Present: Paul Warner, State

Economist, Executive

Department

Duncan Wyse, Oregon Progress Board

Staff: Jim Scherzinger, Legislative Revenue Officer

Steve Bender, Legislative Revenue Office

Jennifer Belkle, Committee Assistant

TAPE 38 SIDE A

001 CHAIR GOLD called the meeting to order at 1:10 p.m.

009 PAUL WARNER testified regarding Oregon's economic growth. He referred to Exhibits 2 & 3 from Friday, February 5, 1993 regarding Oregon's demographics and the long-term outlook for the economy.

Questions and discussion.

150 JIM SCHERZINGER testified regarding the obsolescence of a state tax system. Exhibits 1 & 2.

Questions and discussion.

230 JIM SCHERZINGER explained that Oregon has a different set of factors that determine its economy. He elaborated on major economic and demographic changes.

335 JIM SCHERZINGER continued his testimony regarding the exemption of personal property and the history of taxation.

Questions and discussion.

— 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 39 SIDE A

001 JIM SCHERZINGER continued testimony regarding state tax systems. Questions and discussion interspersed.

200 JIM SCHERZINGER explained that the two other major taxes besides property taxes are sales taxes and income taxes. He expanded on the difficulties facing states that have sales tax.

Questions and discussion interspersed.

225 STEVE BENDER clarified the difference between a sales tax and a gross receipts tax.

Questions and discussion interspersed.

325 JIM SCHERZINGER and STEVE BENDER testified regarding various systems of business taxation.

Questions and discussion.

TAPE 38 SIDE B

001 SEN JOLIN inquired further about the New Mexico tax system.

Questions and discussion.

070 DUNCAN WYSE testified regarding the Oregon Benchmarks and their impacts on the taxation system. Exhibits 3 & 4.

075 DUNCAN WYSE defined the "Benchmarks" as a system of goals for the State of Oregon that can be "measured and managed". These goals permeate all aspects of life. The Benchmarks focus on results.

150 DUNCAN WYSE stressed that there are several benchmarks regarding the tax system. These are key benchmarks for the future of Oregon.

320 DUNCAN WYSE emphasized that with the Measure 5 caps fully phased-in, the amount of revenue generated would not be sufficient to meet the various benchmarks' goals.

385 DUNCAN WYSE commented that the tax policy can be designed to reinforce desired behaviors/goals.

Questions and discussion.

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001 DUNCAN WYSE continued with his Oregon Benchmarks presentation.

Questions and discussion interspersed.

092 CHAIR GOLD requested that the letter from the City of Springfield in support of SJR10 and SB 357 be entered into the record. Exhibit 5.

096 STEVE BENDER testified regarding the goals of the Oregon Tax System. Exhibits 6-8.

Questions and discussion interspersed.

195 STEVE BENDER reiterated the question of whether the state should look at wealth, income, or consumption when deciding a fair portion of taxes for each citizen.

215 STEVE BENDER explained the three classifications of tax systems: 1) proportional 2) progressive and 3) regressive. He stressed that the tax system should not be regressive.

Questions and discussion.

350 CHAIR GOLD adjourned the meeting at 3:05 p.m.

Je fer Belkle, Committee
Assistant

Kimberly Taylor, Office
Manager

Exhibit Summary

1. Scherzinger, Are State Tax Systems Obsolete?
2. Scherzinger, Table from Report of Board of State Tax Commissioners
3. Wyse, Oregon Benchmarks, 12-92
4. Wyse, Presentation overheads
5. Gold, Letter from City of Springfield, 2-10-93
6. Bender, Statutory Goals for the Oregon Tax System
7. Bender, Tax Principles and Goals
8. Bender, Table/Chart on Tax goals and options

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