

Tapes 69-70 A/B
Invited Testimony:
Legislators Supporting
Tax Proposals
SENATE COMMITTEE ON
REVENUE AND SCHOOL FINANCE
-

MARCH 5, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Shirley Gold, Chair Senator Brady Adams Senator
Ron Cease Senator Rod Johnson Senator Tricia Smith (arrival 1:50)

Members Excused: Senator Paul Phillips, Vice-Chair
Senator Peg Jolin

Witnesses Present: Representative Tony Van Vliet Barbara Seymour,
Legislative Counsel Representative John Schoon Senator Joan Dukes

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

TAPE 69 SIDE A

001 CHAIR GOLD called the meeting to order at 1:15 p.m.

007 CHAIR GOLD summarized the agenda and informed the Committee of the
visiting legislators for today's meeting.

019 STEVE BENDER discussed the differences between the four sales tax
proposals that are listed in the tax proposal guide.

030 STEVE BENDER spoke specifically about Representative Van Vliet's sales
tax proposal. Exhibit 1.

088 SEN. ADAMS inquired about the regressive nature of this sales tax plan.

090 STEVE BENDER indicated that regardless of the provisions made to any
sales tax, all sales taxes remain regressive.

100 STEVE BENDER explained two ways to compensate for the regressiveness of
a sales tax: 1) provide a low income credit and 2) exempt certain items
that comprise a large portion of lower income household's budget.

125 STEVE BENDER stated that this second method of reducing the
regressiveness is not effective. He stated that the most effective

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way to combat the regressiveness of a sales tax is through the low income
credit.

Questions and discussion.

175 STEVE BENDER continued discussion of Representative Van Vliet's sales
tax proposal.

Questions and discussion.

275 REP. VAN VLIET testified before the committee regarding the regressiveness of the property tax system, the need for a new source of revenue in the state of Oregon, and his sales tax proposal. Exhibit 2.

300 REP. VAN VLIET discussed the history of his sales tax proposal and the process that brought the bill to its current version.

TAPE 70 SIDE A

001 REP. VAN VLIET continued his testimony regarding his sales tax proposal.

015 REP. VAN VLIET delineated the provisions in his plan to combat the regressiveness of the sales tax.

058 REP. VAN VLIET stated that until the issue of a stable tax base is dealt with, it is not possible to address issues in this state that are demanding our attention and revenue.

Questions and discussion.

265 REP. VAN VLIET discussed the Oregon Health Plan and how revenue is set aside in his program to pay for certain aspects of this health plan.

300 REP. VAN VLIET reminded the Committee that this proposal is set up to be passed out by the Congress, it does not include a voter referral.

Question and discussion.

TAPE 69 SIDE B

001 REP. VAN VLIET continued his testimony regarding a sales tax.

010 SEN. SMITH questioned the process of negotiation by ballot that she feels the public engages in with the legislature and how this would impact any tax reform proposal referred to the people.

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030 REP. VAN VLIET discussed the proposed ballot measure for November of 1994 that would stop all tax increases except by the vote of the people. He asserted that at this point, the option of sending out several proposals or forms of proposals would no longer be available. He stated his belief that the legislature has one or two remaining opportunities at having a tax reform package passed.

Questions and discussion.

094 SEN. CEASE made the point that until there is the common belief in the public for the need of replacement revenue and agreement on the type of tax system needed, nothing will be done.

100 REP. VAN VLIET commented that the perception of the voters is sometimes very different from the reality of the situation.

Questions and discussion.

154 REP. SCHOON testified regarding the concept of a value added tax, sometimes referred to as a net receipts tax. Exhibit 3.

225 REP. SCHOON indicated that a wider variety of businesses would be taxed under his proposal including; medical businesses and doctors, businesses that sell food products, banks, and utilities.

Questions and discussion.

265 REP. SCHOON stressed that a major advantage of this plan would be no dollars lost to the federal government because the tax would be deductible.

310 REP. SCHOON discussed some of the disadvantages of the value added tax.

Questions and discussion.

390 REP. SCHOON confirmed that this proposal has been drafted and will be introduced this session.

TAPE 70 SIDE B

010 CHAIR GOLD went over next week's Committee schedule.

017 CHAIR GOLD announced that the House Revenue Committee passed out SJR10 with some amendments. She stated that the House Revenue Committee is still working on SB 357.

045 STEVE BENDER discussed the nature of a value added tax system.

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095 SEN. DUKES testified regarding the concept of restructuring Oregon's income tax system. She referred to HB 2501.

Questions and discussion.

215 SEN. DUKES urged the Committee to adopt this plan and initiate this proposal. She reminded the Committee that since this proposal is revenue neutral, the Senate can introduce it.

226 CHAIR GOLD directed members' attention to the amendments to SJ . Exhibit 4.

238 CHAIR GOLD adjourned the meeting at 2:58 p.m.

Jennifer Belkale, Committee Assistant

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Kimberly Taylor, Office Manager

Exhibit Summary

1. Bender, Van Vliet Plan
2. Vliet, Tax Reform Proposal by Tony Van Vliet, 2-93
3. Schoon, Value Added Tax
4. Adopted Amendments to A-Engrossed SJR10
5. Bender, Option 1 - Balanced Tax Reform
6. Bender, Oregon Public School Improvement and Revenue Stability Act Fiscal Impact Statement.
7. Bender, The Oregon Public School Improvement and Revenue Stability Act
8. Bender, Governor's Tax Plan, 11-17-92

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