

Tapes 82-83 A/B  
OREGON TAX SYSTEM

SENATE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
MARCH 16, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Shirley Gold, Chair  
Senator Paul Phillips, Vice-Chair  
Senator Brady Adams  
Senator Ron Cease  
Senator Rod Johnson  
Senator Tricia Smith

Witnesses Present: Walter Huss, Direct Legislation League  
- Larry Large, State System of Higher Education  
Tony Rufulo, Professor, Portland State Univ.  
Bruce Weber, Professor, Oregon State University  
Karen Garst, Oregon Community College  
Association  
Mike Lindberg, City of Portland  
B.J. Smith, League of Oregon Cities  
Staff: James Scherxinger, Legislative Revenue Officer  
Steve Bender, Legislative Revenue Office  
Jennifer Belkle, Committee Assistant  
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004 CHAIR GOLD called the meeting to order at 1:17 p.m.

008 CHAIR GOLD welcomed Representative Markham and members of the Direct Legislation League to today's meeting.

017 WALTER HUSS testified regarding the 2% Equal Tax. Exhibit 1. He discussed the history of taxation and then proceeded to testify on what he felt were the current problems with tax system in Oregon.

136 WALTER HUSS discussed aspects of the 2% Equal Tax Proposal. He challenged that this system is the replacement tax system that the people in this state want.

200 WALTER HUSS discussed the concept of investing a percentage of the taxes collected from the equal tax and using the returns from these investments to finance future generations of government.

258 WALTER HUSS stated that this proposal would abolish the practice of bondedness in the State of Oregon.

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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.  
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286 JIM SCHERZINGER clarified that his concern with this proposal was over the clarity of the language used to repeal the authority of governments to issue bonds.

290 WALTER HUSS stated that he felt the language of the bill was quite clear.

300 WALTER HUSS continued his discussion of the 2% Equal Tax. Questions and discussion.

378 WALTER HUSS discussed the ways in which this tax broadens the taxation base.

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004 WALTER HUSS continued his testimony regarding the 2% Equal Tax. Questions and discussion.

045 CHAIR GOLD directed members' attention to the updated Tax Reform Proposals document and the updated Sales Tax Comparison document. Exhibits 2 & 3.

055 CHAIR GOLD officially noted a letter from the Portland Chamber of Commerce that sent regrets for their not being able to testify before the Committee and endorsed the Associated Oregon Industries testimony given to this Committee on March 10, 1993. Exhibit 4.

063 LARRY LARGE introduced professors TONY RUFULO and BRUCE WEBER to the Committee.

073 LARRY LARGE testified regarding the funding of Higher Education, the indirect effects of Measure 5 on Higher Education, and the consequent changes to the Higher Education budgets. Exhibit 5.

180 TONY RUFULO testified regarding the instability that increases when moving to a system based on an income and consumption tax from a system based on a property tax. He discussed methods of reforming the tax system and factors that should be addressed by any proposed tax plan. Questions and discussion.

200 SEN. JOHNSON inquired about the analysis done on the 2% Equal Tax Proposal.

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205 TONY RUFULO briefly mentioned and discussed a report he recently wrote regarding the 2% Equal Tax. Exhibit 6. Questions and discussion.

370 LARRY LARGE testified regarding tax system proposals. He stated his desire to have Higher Education to share the dedicated revenue from any new tax proposal benefitting education.

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001 LARRY LARGE continued his testimony. Questions and discussion.

050 KAREN GARST testified regarding the Oregon Community College Association policy on taxation. Exhibit 7. Questions and discussion.

190 MIKE LINDBERG testified regarding the position of the League of Oregon Cities on tax reform options. Exhibit 8.

270 B.J. SMITH testified regarding structural aspects of various tax systems and the League of Oregon Cities' preferences for tax system reform. Exhibit 9.

Questions and discussion.

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003 MIKE LINDBERG emphasized three points regarding the wide array of tax reform proposals: 1) that assessed value caps on property for cities and counties would drastically curtail the capacity of those organizations to deliver services; 2) that some proposals directly preempt existing local tax options; and 3) that most proposals do not contemplate opportunities for the State to share revenues with local governments.

Questions and discussion.

150 CHAIR GOLD adjourned the meeting at 2:52 p.m.

Je~ ifer Be , Committee Assistant  
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, Kimberly Taylor, Office Manager

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Exhibit Summary

1. Huss, Testimony Before Senate Revenue Committee and Packet, 3-16-93
2. Bender, Revised Tax Reform Proposals, 3-1593
3. Bender, Revised Sales Tax Proposals, 3-1593
4. Gold, Letter from Donald McClave, 3-1293
5. Large, Charts for Sources of Revenue - Higher Education
6. Rufulo, The Equal Tax, 293
7. Garst, Testimony from OCCA on Taxation, 3-1693
8. Lindberg, Testimony for Senate Revenue and School Finance Committee, 3-16-93
9. Smith, Tax Tables, 11-92

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