

Tapes 84-85 A/B  
OREGON TAX SYSTEM

SENATE COMMITTEE ON  
REVENUE AND SCHOOL FINANCE  
MARCH 17, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Shirley Gold, Chair  
Senator Paul Phillips, Vice-Chair  
Senator Ron Cease  
Senator Rod Johnson (arrival 2:10)  
Senator Tricia Smith  
Members Excused: Senator Brady Adams  
Witnesses Present: Ed Edwards, Oregon School Employees  
Association  
Ralph Groener, American Federation of State,  
County and Municipal Employees (AFSCME)  
Janna Starr, ARC of Oregon  
Don Schellenberg, Oregon Farm Bureau  
Bob Castagna, Oregon Catholic Conference

Staff: Steve Bender, Legislative Revenue Office  
Jennifer Belkle, Committee Assistant  
TAPE 84 SIDL A

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

010 ED EDWARDS testified regarding tax reform and replacement revenue due to the effects of Ballot Measure 5. He emphasized the necessity of a source of revenue dedicated solely to education. He maintained that this should not be a partisan issue. He assured the Committee that the education community is solidly behind a tax reform package.

080 ED EDWARDS stated that he did not feel that his organization could support a package that froze the effects of Measure 5, nor were they eager to support a sales tax.

112 RALPH GROENER testified before the Committee regarding tax reform. Exhibit 1. He stated that AFSCME supports all proposals in front of the Legislature due to the importance of replacing revenue lost due to Measure 5.

180 RALPH GROENER stated that many industries do not wish to locate in Oregon due to the instability of the tax system.

205 RALPH GROENER related questions emerging from the public regarding: 1) the use of lottery funds in the budget 2) the fact

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that there are higher property value assessments in the Metro area, but there is still a revenue crisis 3) cutting school administration.

225 RALPH GROENER discussed the issues of exemptions and their impact on the budget.

270 RALPH GROENER inquired of the State's ability to continue to fund the number of exemptions currently offered. He suggested the need for a moratorium on exemptions.

Questions and discussion.

405 RALPH GROENER stated that their organization prefers to maintain as many local options as possible.

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001 RALPH GROENER continued.

Questions and discussion.

028 RALPH GROENER stated that he does not support the complete dissolution of tax credits, but rather the development of a tax expenditure budget that limits the amount of money exempted.

Questions and discussion.

074 JANNA STARR testified regarding budget cuts to services offered to people with disabilities. Exhibit 2. She discussed some of the proposed tax packages that her organization supports.

100 JANNA STARR asserted that the cuts being made are far more regressive and unfair to lower classes than any tax package that could be proposed.

140 DON SCHELLENBERG testified regarding the Oregon Farm Bureau's position on tax reform and principles of financing government services. Exhibit 3.

Questions and discussion.

365 BOB CASTAGNA testified regarding the Oregon Catholic Conference's position on tax reform and principles of taxation. Exhibit 4.

TAPE 84 SIDE B

001 BOB CASTAGNA continued testimony.

Questions and discussion.

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015 CHAIR GOLD asked if his organization would oppose a sales tax.

020 BOB CASTAGNA stated that if certain basic needs were exempted from the sales tax, the Oregon Catholic Conference would consider supporting such a measure.

025 SEN. PHILLIPS inquired if the Oregon Catholic Conference would oppose tax expenditures limits on nonprofits and churches.

030 BOB CASTAGNA stated that society has chosen to give tax exempt status to those entities which provide a public benefit. He asserted that the public services that these entities provide save the state far more money than the exemptions.

065 STEVE BENDER testified regarding sales tax proposals. He referred to the Tax Reform Proposals document. Exhibit 2 from March 16, 1993.

100 STEVE BENDER clarified from previous testimony that the passage of HJR 60 would not require cuts in the 1995-97 biennium provided that the necessary cuts are made in the 1993-95 biennium.

117 STEVE BENDER discussed and compared various sales tax proposals. Exhibit 3 from March 16, 1993.

Questions and discussion interspersed.

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005 STEVE BENDER continued his discussion of various sales tax proposals.

Questions and discussion interspersed.

050 STEVE BENDER discussed Senator Johnson's tax plan.

Questions and discussion.

190 STEVE BENDER resumed testimony on the comparison between the various sales tax proposals.

225 STEVE BENDER stated that all of the sales tax proposals dedicate the generated revenue in some fashion. He asserted that in regards to dedication, the School Board's and Senator Johnson's plans strictly dedicate these funds to education whereas the other plans dedicate far less for education purposes.

265 SEN. JOHNSON clarified that his plan funded schools at 97% of the current service level.

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

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

1. Groener, Oregon AFSCME Advocate Newspaper, Summer 1992
2. Starr, ARC of Oregon Tax Reform Testimony, 3-17-93
3. Schellenberg, Principles for Financing Government Services, 3-17-93
4. Castagna, Testimony on Tax Reform, 3-17-93

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