

Tapes172-173(A/B) Work Session: HB 3048, HB 2352 .. HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE May 3, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair (excused 8:13-8:20) Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson (excused 8:13-9:47) Representative Fred Parkinson Representative John Schoon (arrived 8:16) Representative Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue Officer Dick Yates, Legislative Revenue Office Steve Bender, Legislative Revenue Office Linda Leach, Committee Assistant

Witnesses Present: Glenn Klein, City of Eugene Bob Muir, Department of Justice Ted Demezas, Oregon Council of Federally Related Organizations Jim Brown, Department of Revenue TAPE 172 SIDE A

005 ACTING CHAIR HOSTICKA called the meeting to order at 8:13 and conducted administrative business.

WORK SESSION - HB 3048

012 JIM SCHERZINGER noted HB 3048 was reviewed in the Subcommittee on Property Taxation. He pointed out HB 3048 Policy Summary, Proposed Amendments HB 3048-7, dated 5/2/91 (which reflect HB 3048 Policy Summary), Proposed Amendments House Bill 3048-8, dated 5/2/91 from the City of Eugene. An issue relating to ballot title requirements will be presented by the Department of Justice. Exhibits 1, 2, 3

026 JIM SCHERZINGER reviewed HB 3048 Policy Summary. Exhibit 1

95 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 3048-7, 5/2/91.

102 Questions and discussion regarding small issue bonds.

118 ORDER There being no objection, CHAIR JONES so ordered.

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. House Committee on Revenue and School Finance May 3, 1991 Page 2 119 CHAIR JONES referred to Proposed Amendments HB 3048-8 from the City of Eugene. Exhibit 3 125 GLENN KLEIN explained Proposed Amendments HB 3048-8 reduce debt financing costs which would be paid by local governments for capital improvement for repair programs. Exhibit 3 150 Questions and discussion. 161 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 30488, 5/2/91. 165 Questions and discussion regarding credit agreement language. 180 ORDER There being no objection, CHAIR JONES so ordered. 181 JIM SCHERZINGER reviewed page 80 of Proposed Amendments HB 3048-7, Section 119 relating to ballot title language and a request by Rep. Whitty. Exhibit 2 210 BOB MUIR reviewed his memo to Rep. Whitty and two alternatives r which address specific language for the ballot title provision. He recommended Alternative I because of simplicity. Exhibits 4, 5 285 REPS. WHITTY, PARKINSON and CLARK preferred Alternative I. 313 MOTION REP. PARKINSON moved conceptual adoption of Alternative I (shown on memo from Bob Muir dated 5/2/91 - which substitutes Section 119). 320 ORDER There being no objection, CHAIR JONES so ordered. 325 BOB MUIR compared a slight language change in Alternative I from Section 119. 344 Questions and

discussion. 393 MOTION REP. PARKINSON moved HB 3048 as amended to the floor with a do pass recommendation. 400 DISCUSSION 410 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps. Whitty, Burton, Clark, Clarno, Parkinson, Schoon, Hosticka, Jones. EXCUSED: Rep. Nelson. TAPE 173 SIDE A 017 CHAIR JONES conducted administrative business.

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. House Committee on Revenue and School Finance May 3, 1991 Page 3 WORK SESSION - HB 235 2 076 REP. SCHOON discussed the background of the federal retirees taxation issue and work in the Subcommittee on Income Taxation. The subcommittee has proposed to tax all taxpayers, with a credit for low income seniors based on the first \$15,000 of income (joint) or \$7,500 (single). The credit is 9% after deducting social security and income over \$30,000. The subcommittee decided to permit seniors (58 or older) a 100% deduction of medical expenses and increase the maximum income for the elderly rental assistance program (from \$5,000 to \$10,000). He believed the proposal was fair and balanced. Exhibit 6 151 Questions and discussion regarding Oregon's income tax rates. 190 REP. HOSTICKA questioned the use of social security in the computation of tax liability. 207 REP. SCHOON replied (from the Attorney General) that the constitutional language does prevent the use of social security in the tax computation. Benefits after the tax computation are beyond the scope of the Constitution. 211 DICK YATES reviewed each section of Proposed Amendments HB 2352-8, 5/2/91 and referred to HB 2352: Pension Income Tax Credit (an example), Revenue Analysis HB 2352A, and Fiscal Analysis HB 2352. Exhibits 6, 7, 8, 9 317 Discussion relating to proposed credit (not a refundable credit). 350 Questions and discussion regarding change in age edibility. 370 Questions and discussion regarding definition of net pension income. 400 Questions and discussion regarding computation of household income over \$30,000. TAPE 172 SIDE B 001 DICK YATES continued his review of Proposed Amendments HB 2352-8. Exhibit 6 Questions and discussion interspersed. 123 CHAIR JONES recessed the meeting at 9:20 and reconvened the meeting at 9:47. 130 CHAIR JONES referred to Supreme Court Media Release Cases decided May 2, 1991, Supreme Court Decision, Coalition for Equitable School Funding v. State of Oregon. Exhibits 10, 11

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. House Committee on Revenue and School Finance May 3, 1991 Page 4 158 REP. SCHOON requested Ted Demezas to comment on the retirement tax equity issue. 160 TED DEMEZAS summarized his prepared testimony regarding an alternative to HB 2352. Exhibit 12 207 Discussion regarding ability to pay v. age differences. 216 Questions and discussion regarding effective date of HB 2352, timing issues and penalties. 250 JIM BROWN noted that the Department of Revenue has broad authority to waive interest, but preferred specific language to deal with interest and penalties (estimated tax payments). 280 Questions and discussion regarding a desire not to impact taxpayers with interest and penalties (when unaware estimated tax issue). 299 Questions and discussion regarding a need for a different effective date for the elderly assistance program. 304 DICK YATES reviewed HB 2352: Pension Income Tax Credit example. Exhibit 7 TAPE 173 SIDE B 001 Questions and discussion regarding HB 2352 example. 020 DICK YATES referred to

Elderly Rental Assistance Expanded Coverage chart. Exhibit 13 040 Questions and discussion follow. 074 DICK YATES reviewed Revenue Analysis HB 2352A, dated 5/2/91. Exhibit 8 Questions and discussion interspersed. 124 Questions and discussion regarding revenue loss because of a court decision (comparisons from 1989 and current estimates). 153 DICK YATES reviewed three programs which are funded from one appropriation: HARRP, Elderly Rental Assistance and Low Income Housing Units. 170 CHAIR JONES conducted administrative business and adjourned the meeting at 10:20.

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Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. HB 3048 Policy Summary, LRO, 5/3/91 - HB 3048 2. Proposed Amendments to HB 3048-7, 5/2/91, LRO - HB 3048 3. Proposed Amendments to HB 3048-8, 5/2/91, LRO - HB 3048 4. Memo to Rep. Whitty from Bob Muir, 5/2/91 - HB 3048 5. Alternative Proposed Amendments to HB 3048-6, 5/2/91, Bob Muir - HB 3048 6. Proposed Amendments to HB 2352-8, 5/2/91, LRO - HB 2352 7. HB 2352: Pension Income Tax Credit (Example), 5/2/91, LRO - HB 2352 8. Revenue Analysis HB 2352A, LRO, 5/2/91 - HB 2352 9. Fiscal Analysis HB 2352, LFO, 3/11/91 - HB 2352 10. Supreme Court Media Release, Coalition for Equitable School Funding v. State of Oregon, 5/2/91, LRO - Miscellaneous 11. Supreme Court Decision, 5/2/91 - Miscellaneous 12. Testimony from Ted Demezas, 5/3/91 - HB 2352 13. Elderly Rental Assistance, Expanded Coverage, 5/3/91, LRO - HB 235 2
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