

Tapes 188-189 (A) Public Hearing: SB 257 Work Session: SB 257, HB 2715  
HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE . May 13, 1991 8:00 AM  
Hearing Room A State Capitol Building Members Present: Representative  
Delna Jones, Chair Representative Carl Hosticka, Vice-Chair  
Representative Mike Burton Representative Kelly Clark Representative Bev  
Clarno Representative Mike Nelson Representative Fred Parkinson  
Representative John Schoon Representative Jim Whitty Staff  
Present:Richard Yates, Legislative Revenue Office Betty Shuholm,  
Committee Assistant Witnesses Present: Joyce Thorbeck, Tax Board Jim  
Brown, Dept. of Revenue TAPE 188 SIDE A 005 CHAIR JONES called the  
meeting to order at 8:08 a.m. PUBLIC HEARING - SB 257 010 JOYCE  
THORBECK testified in support of SB 257, stating that at the time the  
Board of Accountancy and Board of Tax Service Examiners were moved to  
the Secretary of State's office, the language requiring fees to be  
approved by the Executive Dept. was not changed. Maximum fees for both  
boards were set by statute. The Executive Department supported this  
bill. WORK SESSION - SB 257 031 MOTION REP. WHITTY moved SB 257 to the  
floor with a dopass recommendation. 035 DICK YATES summarized that  
there was no revenue impact and no fiscal impact. Ways and Means  
reviewed the budget of the boards. 039 VOTE In a roll call vote, the  
motion was passed (7-0). AYES: Rep. Clarno, Rep. Nelson, Rep. Parkinson,  
Rep. Whitty, Rep. Clark, Rep. Hosticka, Chair Jones. EXCUSED: Rep.  
Schoon, Rep. Burton. WORK SESSION - HB 271 5

,These minutes paraphrase and/or summarize statements mede during this  
meeting. Text enclosed in quotation marks reports the speakers exact  
~ords. For complete context of proceedings, please refer to the tape  
recording. House Committee on Revenue and School Finance May 13, 1991  
Page 2 057 DICK YATES reported the goal was to allow the individual to  
not pay a tax on the same income to more than one state. HB 2715 dealt  
with deferral so the taxation of the income would not occur at the same  
time, specifically in reference to funds in an IRA. See Exhibit 1. 120  
REP. HOSTICKA stated California was actively pursuing people who retired  
and earned pensions in California and questioned which state would have  
first priority on the tax. 125 DICK YATES replied each state was  
sovereign. The credit in Oregon would only apply when you have first in  
fact paid tax to the other state. The credit was offered to a resident,  
with some exceptions. 145 CHAIR JONES stated that at this time the  
State did not have a clear legal position from the Attorney General or  
federal rulings. Therefore, this committee would deal with this specific  
issue. It was possible to deal with the other issues later in the  
session. 169 DICK YATES continued the review of Exhibit 1, page 3. 198  
DICK YATES reported that currently when an individual would file  
federally, the lump sum would be taxed federally and would flow through  
to Oregon with some exemptions. \$5,000 of that would have already been  
taxed by the State of California. When that amount was returned to a  
taxpayer, he would be taxed again because he had changed residence to  
another state. 245 DICK YATES stated there were three areas to consider  
when you are retiring, the employers contribution, the employees  
contribution and any earnings of the fund. This bill would not change  
the California taxation, but from the standpoint of the individual it  
avoided double taxation. 273 DICK YATES continued his explanation of  
Exhibit 1, Case 2 annuity, stating that if there had been distribution  
since 1985, the credit would begin in 1991. The problem was that there  
would not be the lump sum distribution, and it allowed the taxpayer to  
carry the credit forward for however long it would take to use the  
credit in total. 350 DICK YATES continued to explain how the difference  
of the taxation systems of California and Oregon would apply to the  
annuity income of a retiree. 390 CHAIR JONES observed that there was  
not a mechanisMto give credit for a previous taxation in California. HB

2715 would allow a credit which would be applicable over a period of years and allowed the State to give credit for a previously paid California tax at the time the retiree started using the money. TAPE 189, SIDE A

,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 13, 1991 Page 3 003 JIM BROWN suggested using an alternative method to this bill which would be to use a subtraction instead of a credit. Then a tax would be paid on the difference which would also be simpler to administer. If Oregon taxes were at a higher rate than another state, it would give a slightly higher benefit. 039 Discussion followed 052 MOTION CHAIR JONES moved in concept that the procedure be adopted which would allow a taxpayer to deduct the income that had been previously taxed in another state from the taxable amount in Oregon. 061 REP. HOSTICKA suggested putting the deduction on the line of the tax form as another subtraction. 062 ORDER There being no objections, Chair Jones so ordered.

076 CHAIR JONES adjourned the meeting at 8:43 a.m.

Betty Shuholm,, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY: 1. Testimony of Joyce Thorbek, Tax Board. SB 257 2. HB 2715, Legislative Revenue Office 3. Staff Measure Summary - SB 257

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