

Tapes 224-225(A) Work Session: HB 2130A, HB 3057 HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE June 5, 1991 8:00 AM Hearing Room A State Capitol Building Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton (arrived 9:13) Representative Kelly Clark Representative Bev Clarno Representative Mike Nelson (arrived 9:12) Representative Fred Parkinson Representative John Schoon Representative Jim Whitty

Staff Present: Dick Yates, Legislative Revenue Office Linda Leach, Committee Assistant

Witnesses Present: Jerry Fisher, Hewlett Packard Lori Siepelmeyer, Tektronix, Inc. Terry Taylor, Mentor Graphics Corp. Mike Grainey, Department of Energy Jim Brown, Department of Revenue Bill Nesmith, Department of Energy TAPE 224 SIDE A

005 CHAIR JONES called the meeting to order at 9:07.

WORK SESSION - HB 3057

006 CHAIR JONES referred to Proposed Amendments HB 3057-1, 6/5/91. Exhibit 1

007 DICK YATES explained HB 3057 eliminates all throwback sales and changes sales to the US Government from an origin to a destination basis. He reviewed current law where sales are thrown back to the state of origin (sales made to a state or a foreign country which do not have jurisdiction to tax). Proposed Amendments HB 3057-1 divide sales into two groups (he provided examples): 1) Sales made within the United States. 2) Sales made to foreign companies. He noted the effective date in Section 2 for tax years on or after January 1, 1993. The revenue impact for the 1991/93 biennium is \$900,000 and \$4.2 million for the 1993/95 biennium.

044 Questions and discussion regarding revenue impact.

053 Questions and discussion regarding sales taxed on a destination basis and examples provided of Oregon sales.

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082 DICK YATES interjected that HB 3057 proposes treatment of US Government sales the same as any other sale. 090 JERRY FISHER gave an example of double taxation (sale to US Government with a destination point). The repeal of the throwback would remove Oregon's taxation and a single tax would be paid to the destination state. Exhibit 2 107 Questions and discussion regarding example from Jerry Fisher. 119 JERRY FISHER referred to his handout listing the nineteen states where a taxpayer could be subject to double taxation. Exhibit 2 126 Questions and discussion regarding restrictive destination basis (shipped to one state which ships to another state). 125 LORI SIEPELMEYER explained there was no way to know if goods shipped to one state are shipped again to another state. 140 TERRY TAYLOR agreed with Lori Siepelmeyer and noted lack of a tracking method. 153 MOTION REP. NELSON moved adoption of Proposed Amendments HB 3057-1, 6/5/91. 158 ORDER There being no objection, CHAIR JONES so ordered. 160 MOTION REP. NELSON

moved HB 3057 as amended to the floor with a do pass recommendation. 165 Questions and discussion regarding revenue impact. 185 VOTE In a roll call vote, the motion was adopted (9-0). AYES: Reps. Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Whitty, Hosticka, Jones. WORK SESSION - HB 2130A 200 CHAIR JONES explained HB 2130 does not impact revenue in terms of tax credits. HB 2130A expands the eligibility for a current tax credit. She noted concerns for those dependent on the current tax credit program (weatherization, conservation) and with mixing of issues (air quality and energy conservation). CHAIR JONES did not want to impact the positive effects of the current tax credit and referred to Proposed Amendments HB 2130-A9, 6/3/91. The Proposed Amendments would be restrictive in terms of the ability to use the alternative fuel vehicle tax credit for fleets. Exhibit 3 248 Questions and discussion regarding definition of fleet.

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 June 5, 1991 Page 3 276 DICK YATES explained HB 2130A allows alternative fuel vehicles to be eligible for an energy tax credit. HB 2130-A9 restricts the alternative fuel vehicle credit to vehicle fleets. 287 REP. JONES repeated her concerns with HB 2130A and reasons for Proposed Amendments HB 2130-9. 290 REP. HOSTICKA was concerned with including alternative fuel vehicles under the current tax credit. He supports the encouragement of alternative fuel vehicles, but the current tax credit is fully utilized and commented on competition under the cap. He supported amendments which will limit eligibility, but preferred a separate bill for alternative fuel vehicles. 314 REP. CLARK agreed with Rep. Hosticka. 323 REP. PARKINSON noted HB 2130A came from the House Environment and Energy Committee and supported encouragement of alternative fuels. 343 REP. WHITTY reviewed testimony heard in the House Environment and Energy Committee regarding emissions which led the committee to allow the tax credit for alternative fuel vehicles. 368 REP. BURTON believed issues in HB 2130A should be separate, the proposal may cut into a program at the expense of others. 383 REP. HOSTICKA questioned if there is a possibility under the pollution control tax credit for people to accomplish goals in terms of alternative fuels. He requested input on the appropriateness of a separate bill for addressing alternative fuel vehicles. 400 MIKE GRAINEY was not sure if the pollution control tax credit could be utilized as questioned by Rep. Hosticka. 420 Questions and discussion regarding scenario presented by Rep. Hosticka. TAPE 225 SIDE A 004 MIKE GRAINEY related that there is not a cap on the pollution control tax credit. 010 Questions and discussion regarding short term crisis compared to long term planning (energy conservation, clean air). 040 DICK YATES reviewed ORS 805.120 in the motor vehicle code and how vehicles are registered with the Department of Motor Vehicles (as a fleet in lieu of registering vehicles individually) controls the definition of fleet.

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 June 5, 1991 Page 4 051 JIM BROWN reviewed ORS 468.155 relating to the pollution control tax credit and a definition of what qualifies for the tax credit (pollution control facility). 061 MIKE GRAINEY pointed out in Subsection 2 of ORS 468.155 an eligibility list does not include

automobiles. JIM BROWN read a portion of Subsection 2, ORS 468.155. 076 Questions and discussion regarding restriction to vehicle fleets in Proposed Amendments HB 2130-9. REP. PARKINSON believed the tax credit available for alternative fuel vehicles with the proposed fleet limitation would not be use extensively. 107 CHAIR JONES questioned if the tax credit is applicable under the corporate and personal income tax system. 112 BILL NESMITH replied "yes". 114 MOTION REP. CLARK moved adoption of a conceptual motion to eliminate all reference to alternative fuel vehicles and alternative fuel facilities from HB 2130A. 126 DISCUSSION 123 REP. PARKINSON resisted REP. CLARK'S motion. HB 2130A would encourage small companies to explore the use of alternative fuels. 143 Questions and discussion clarifying Rep. Clark's motion. 150 REP. BURTON supported Rep. Clark's motion and believed the issues should be in separate bills. 165 CHAIR JONES explained that there is no other bill to deal with alternative fuel vehicles. 161 REP. HOSTICKA questioned a possibility of amending ORS 468.155 to change the definition of facility under the pollution control tax credit. 177 CHAIR JONES believed a problem existed because of the relating clause in HB 2130. 180 REP. HOSTICKA discussed amendments in the House Environment and Energy Committee and the relating clause. 190 Questions and discussion. 182 CHAIR JONES clarified the introduction of HB 2130 was at the request of the Department of Energy and the relating clause is exactly as printed.

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which expand the inclusion of transportation aspects relating to conserving gasoline (car pooling, mass transit). Exhibit 5 328 CHAIR JONES pointed out Proposed Amendments HB 2130-A7 were introduced in the House Environment and Energy Committee and were not adopted. She believed the conservation efforts described in the proposed amendments should be accomplished, but without the benefit of a tax credit. 342 Questions and discussion. 349 CHAIR JONES acknowledged no support for Proposed Amendments HB 2130A7. 350 MOTION REP. PARKINSON moved HB 2130 as amended to the floor with a do pass recommendation. 355 VOTE In a roll call vote, the motion was adopted (5-3). AYES: Reps. Nelson, Parkinson, Whitty, Clarno, Jones. NAYS: Reps. Burton, Clark, Hosticka. 360 REP. BURTON gave notice of a minority report for HB 2130. 377 CHAIR JONES conducted administrative business and adjourned the meeting at 10:00.

Linda Leach, Committee Assistant Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Proposed Amendments HB 3057-1, 6/5/91, LRO - HB 3057
2. Memo from American Electronics Association, 6/3/91 - HB 3057
3. Proposed Amendments HB 2130-A9, 6/3/91, LRO - HB 2130
4. Proposed Amendments HB 2130-A8, 6/3/91, LRO - HB 2130
5. Proposed Amendments HB 2130-A 7, 6/3/91, LRO - HB 2130

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