

Tapes 232-235(A/B) Work Session: HB 2002, HB 2262, HB 3469A, HB 3575A, HB 3577A, HB 3073A Bill Introduction: LC 4122 Informational: SB 814A HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE June 11, 1991 8:30 AM Hearing Room A(am)/D(pm) 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 (excused 10:17-10:35) Representative Jim Whitty (arrived 8:42)

Staff Present: Dick Yates, Legislative Revenue Office Terry Drake, Legislative Revenue Office Steve Bender, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Jim Brown, Department of Revenue Quint RaHB erger, Bureau of Labor and Industries TAPE 232 SIDE A 007 CHAIR JONES called the meeting to order at 8:34 and conducted administrative business. WORR SESSION - HB 2002 023 DICK YATES explained HB 2002 was heard in the Income Tax Subcommittee with a do pass recommendation to the full committee with Proposed Amendments HB 2002-1. He reviewed his summary of HB 2002 and noted a companion bill of HB 2003 (HB 2002 can stand alone). He referred to Proposed Amendments HB 2002-4 which were requested by Chair Jones. Exhibits 1, 2, 3 074 DICK YATES reviewed Proposed Amendments HB 2002-1 which inserts HB 2203 language into HB 2002. In addition there is a limit of \$50,000 on the amount of the tax credit that any business can receive. Exhibit 2 086 Questions and discussion clarifying the differences between proposed amendments.

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 11, 1991 Page 2 160 Questions and discussion clarifying the calculation of the tax credit. 177 DICK YATES pointed out the revenue impact in his summary of HB 2002. Exhibit 1 187 CHAIR JONES reviewed the child development and student parent programs and pointed out a pilot program in the Churchill School District. The reason for the tax credit is to encourage the business community to supply the needs for program start-up. She noted a concern that there was not a cap on the credit which is the reason she requested Proposed Amendments HB 200 2-4. Exhibit 3 218 REP. HOSTICKA suggested a cap per community per business and gave an example of large companies providing help in different areas. 230 REP. PARKINSON was concerned with creating unequal opportunities for children and gave examples of affluent communities. 240 CHAIR JONES explained the start up costs were not large and gave examples. 260 CHAIR JONES noted that the intent was for businesses to donate money and materials for the tax credit. 274 REP. NELSON supported the intent behind HB 2002, but was concerned with a business tax credit. He suggested the tax credit be extended to individuals (especially since the proposed limit is \$5,000). 298 REP. SCHOON noted no objection to extend the tax credit to individuals. 310 Questions and discussion regarding language in order to qualify materials for the tax credit. 325 JIM BROWN suggested language to satisfy the intent that donated money or materials would qualify. 346 Questions and discussion regarding determination of the value of a contribution. JIM BROWN pointed out that the "fair market value" is used. 355 CHAIR JONES was interested in qualifying material and labor for the tax credit. 361 Questions and discussion regarding charitable deductions and the Oregon tax code. 390 REP. NELSON suggested to delete language of "business" which would leave "a tax credit". Rep. Schoon supported Rep. Nelson's suggestion.

These minutes paraphrase and/or summarize statements asde 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 SchoolFinance June II, 199I Page 3 404 Questions and discussion. 410 MOTION REP. NELSON moved to eliminate the word "business" in lines 5 and 27 and remove the language on lines 6 and 28 of "in money payment of which is". 448 REP. HOSTICKA clarified that the effect of Rep. Nelson's motion would allow individual and corporate tax credits (in kind or in cash). CHAIR JONES affirmed his clarification. 453 ORDER There being no objection, CHAIR JONES so ordered. TAPE 233 SIDE A 010 CHAIR JONES discussed the amount of the cap relating to a concern raised by Rep. Hosticka. 018 REP. HOSTICKA suggested language of a \$5,000 cap per program per donor. Questions and discussion. 028 DICK YATES clarified that it is possible to have a corporate contribution \$20,000 if two programs are in one location. Questions and discussion follow. 039 Questions and discussion regarding required certification by the Department of Education. 048 DICK YATES suggested language in lines 8 and 20 of Proposed Amendments HB 2002-4 of "the amount of the credit shall not exceed \$5,000 per program". He explained "per donor" was not necessary. 056 JIM BROWN interjected a concern relating to "per donor" and a joint tax return. Questions and discussion follow. 077 DICK YATES reviewed committee intentions of \$5,000 per program location, do not include "per donor" with the understanding a separate return would be eligible for half the amount (married filing separately). 093 Questions and discussion. CHAIR JONES pointed out a sunset date of 1996 in Proposed Amendments HB 2002-4. 107 MOTION CHAIR JONES moved adoption of Proposed Amendments HB 2002-4 as amended (on line 8 after \$5,000 "per return per program location" and married filing separate would be eligible for half of the credit, on line 20 after \$5,000 "per return per program location"). 121 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 June 11, 1991 Page 4 123 MOTION REP. NELSON moved HB 2002 as amended to the floor with a do pass recommendation. 126 VOTE In a roll call vote, the motion was adopted (9-0). AYES: Reps. Clarno, Nelson, Parkinson, Schoon, Whitty, Burton, Clark, Hosticka, Jones. WORK SESSION - HB 2262 141 DICK YATES explained a current child care credit for services provided by a employer to an employee and for facilities constructed by an employer for day care purposes. The purpose of HB 2262 is to extend the sunset on the existing law from January 1, 1992 to January 1, 2002. He referred to Proposed Amendments HB 2262-1 which refers to the sunset date. HB 2262 was heard in the Subcommittee on Income Taxation. Exhibits 1, 2 171 Questions and discussion clarifying why the proposed sunset is for 10 years. 210 DICK YATES explained the tax credit is for a ten year period for \$100,000. 222 Questions and discussion regarding testimony heard in the Subcommittee on Income Taxation. 234 Questions and discussion regarding facilities aspect, employee dependent services and a credit for referral. 272 MOTION REP. SCHOON moved adoption of Proposed Amendments HB 2262-1, 6/7/91. 275 ORDER There being no objection, CHAIR JONES so ordered. 275 MOTION REP. SCHOON moved HB 2262 as amended to the floor with a do pass recommendation. 280 VOTE In a roll call vote, the motion was adopted (9-0). AYES: Reps. Nelson, Parkinson, Schoon, Whitty, Burton, Clark, Clarno, Hosticka, Jones. WORK SESSION -

HB 3469A 290 CHAIR JONES explained HB 3469A relates to a youth apprenticeship training program. She reviewed a concern to limit the cost of the program and amendments from the proponents. She referred to Proposed Amendments HB 346 9-A5 which the Committee adopted 6/3/91. Exhibit 9 292 DICK YATES explained Proposed Amendments HB 3469-A6 are similar to HB 346 9-A5 except that the per student maximum is reduced from \$3,000 to \$2,500.

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 11, 1991 Pages 322 Questions and discussion regarding \$2,500 figure. QUINT RAHB ERGER explained \$2,500 was an equitable amount. 360 CHAIR JONES noted the program is preserved and noted the reduced revenue impact with the per student maximum of \$2,500. 363 DICK YATES pointed out an additional change in HB 3469-A6 Proposed Amendments relating to repeal dates. TAPE 232 SIDE B 001 Questions and discussion. 004 MOTION REP. SCHOON moved adoption of Proposed Amendments HB 3469-A6, 6/3/91. 008 ORDER There being no objection, CHAIR JONES so ordered. 010 MOTION REP. SCHOON moved HB 3469A as amended to the floor with a do pass recommendation. 014 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps. Parkinson, Schoon, Whitty, Burton, Clarno, Nelson, Hosticka, Jones. EXCUSED: Rep. Clark. 022 CHAIR JONES conducted administrative business and recessed the meeting at 9:30. She reconvened the meeting at 10:17. WORR SESSION - HB 3575A 025 DICK YATES explained HB 3575 relates to a tax credit for foster care providers (he reviewed different levels of the current tax credit). Proposed Amendments HB 3575-A2 place a sunset date of January 1, 1996 and reduce the tax credit levels by half. Exhibits 11, 12 045 CHAIR JONES related a conversation with Rep. Jeff Gilmour and Sen. Frank Roberts who are aware of the proposals before the Committee. 060 DICK YATES reviewed language to address the intent that if there is more than one certified individual in a household to provide foster care, then the same tax credit could not be claimed twice. 075 REP. HOSTICKA questioned the overall level of tax credits. 090 CHAIR JONES explained the total amount of tax credits has not been determined and noted her interest in moving bills based on policy issues first.

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 11, 1991 Page 6 100 REP. HOSTICKA noted the nominal reduction in the tax credit in Proposed Amendments HB 3575-A2. He suggested to maintain the tax credit at the original amount. 106 Questions and discussion regarding committee procedure. 110 MOTION REP. HOSTICKA moved adoption of lines 4 through 9 of Proposed Amendments HB 3575-A2, 6/10/91. 112 ORDER There being no objection, CHAIR JONES so ordered. 116 MOTION REP. PARKINSON moved adoption of lines 1 through 3 of Proposed Amendments HB 3575-A2, 6/10/91. 120 REP. HOSTICKA will not support Rep. Parkinson's motion based on his previous discussion. 123 VOTE In a roll call vote, the motion failed (4-4). AYES: Reps. Whitty, Clarno, Parkinson, Jones. NAYS: Reps. Burton, Clark, Nelson, Hosticka. EXCUSED: Rep. Schoon. 129 MOTION REP. HOSTICKA moved HB 3575A as amended to the floor with a do pass recommendation. 133 VOTE In a roll vote, the motion was adopted (8-0). AYES: Reps. Whitty, Burton, Clark, Clarno,

Nelson, Parkinson, Hosticka, Jones. EXCUSED: Rep. Schoon. WORK SESSION - HB 3577A 155 TERRY DRAKE explained HB 3577 relates to dedicating registration fees to policing. The Committee requested four amendments relating to a change to "motor" vehicles, administrative costs provisions, distribution provisions and clarifying language of exempt vehicles. He referred to Proposed Amendments HB 3577-1. Exhibit 13 189 MOTION REP. WHITTY moved adoption of Proposed Amendments HB 3577-1, 6/10/91. 192 ORDER There being no objection, CHAIR JONES so ordered. 193 MOTION REP. WHITTY moved HB 3577A as amended to the floor with a do pass recommendation. 198 VOTE In a roll call vote, the motion failed (4-4). AYES: Reps. Clark, Clarno, Parkinson, Whitty. NAYS: Reps. Burton, Nelson, Hosticka, Jones. EXCUSED: Rep. Schoon.

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 11, 1991 Page 7 210 UNANIMOUS CONSENT REP. HOSTICKA requested unanimous consent to reconsider the vote on HB 3577A. 215 ORDER There being no objection, CHAIR JONES so ordered. 220 MOTION REP. HOSTICKA moved HB 3577A as amended to the floor with a do pass recommendation. 230 VOTE In a roll call vote, the motion was adopted (6-2). AYES: Reps. Clark, Clarno, Parkinson, Whitty, Hosticka, Jones. NAYS: Reps. Nelson, Burton. 240 REP. BURTON served notice of a minority report on HB 3577A. 250 CHAIR JONES conducted administrative business and recessed the meeting at 10:35. CHAIR JONES reconvened the meeting at 1:17. BILL INTRODUCTION 298 REP. BURTON discussed a concern relating to local districts imposing a local tax. He reviewed meetings between the cities, counties and special districts which has resulted in LC 4122. The intent is to have a resolution to work in partnership with local governments in trying to find financing solutions. Exhibit 14 355 Questions and discussion. 381 MOTION REP. PARKINSON moved LC 4122 dated 6/11/91 be adopted as a committee bill. 382 DISCUSSION 391 ORDER There being no objection, CHAIR JONES so ordered. TAPE 233 SIDE B 005 CHAIR JONES conducted administrative business. WORK SESSION - HB 307 3A 040 DICK YATES reviewed Proposed Amendments HB 3073-A5 which incorporate suggestions from Rep. Sunseri with minor changes. He reviewed amendments relating to a mobile home tax credit. Exhibit 15 086 Questions and discussion regarding average income tax liability of mobile home owners. 114 Questions and discussion regarding effective date of tax credit.

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131 JIM BROWN believed people could take the credit for events which occur after January 1, 1991 if the Committee only changes language in Section 3 to "after January 1, 1991". He provided examples. 147 CHAIR JONES questioned if the intent of the Committee is to change the 1992 date to 1991 in Section 3. 171 Questions and discussion regarding revenue impact from the proposed date change. 190 REP. CLARNO suggested to leave the date of 1992. CHAIR JONES noted consensus to leave the date of 1992. 198 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 3073-A5, 6/11/91. 205 ORDER There being no objection, CHAIR JONES so ordered. 210 MOTION REP. PARKINSON moved HB 3073A as

amended to the floor with a do pass recommendation. 215 VOTE In a roll call vote, the motion was adopted (6-0). AYES: REPS . Clarno, Nelson, Parkinson, Burton, Hosticka, Jones. EXCUSED: Reps. Schoon, Whitty, Clark. 223 CHAIR JONES conducted administrative business. INFORMATIONAL - SB 814A 241 CHAIR JONES requested a description of the long term school finance formula. 260 TERRY DRAKE reviewed the proposed school finance formula and referred to School Finance Simulation #17, dated 6/9/91. Exhibits 16, 17 336 Questions and discussion regarding ADMw (average daily membership weighted). 347 TERRY DRAKE commented on the fundamental change in the school finance system because of Ballot Measure 5. TAPE 234 SIDE A 001 TERRY DRAKE continued review of the proposed school finance formula. Exhibit 16 Questions and discussion interspersed. 200 REP. HOSTICKA interjected the importance of a local option.

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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. Home Committee on Revenue and School Finance June 11, 1991 Page 10 Questions and discussion interspersed. 363 STEVE BENDER reviewed the federal definition of poverty and a modification in the school finance formula. TAPE 234 SIDE B 001 Questions and discussion regarding the poverty factor of 0.4 in the school finance formula. 040 STEVE BENDER explained the poverty weighting is the only factor based on a district level (instead of per student). 079 CHAIR JONES interjected the issue of poverty will require more review. 082 TERRY DRAKE continued his review of the school finance formula and reviewed weighting for Union High School Districts. 120 Questions and discussion. 150 Questions and discussion regarding teacher experience factor in the school finance formula. 218 Questions and discussion regarding teacher hiring

practices. 223 REP. HOSTICKA believed that under funding teacher experience leads to an incentive to hire less experienced teachers. 245 Questions and discussion regarding simulations on unification of school districts. Terry Drake said that simulations based on unification were not completed. He explained a technical problem relating to unification simulation. 266 REP. HOSTICKA noted for the record that he was certain when SB 917 is debated on the House Floor that members will say SB 814 provides incentives to unify districts. He noted the staff has said there is no data to substantiate unification incentives. 277 Questions and discussion. 280 TERRY DRAKE continued with review of school finance formula and discussed placeholders for pre-kindergarten programs and high mobility students. 322 Questions and discussion regarding necessary small schools as a weighting factor. 383 REP. NELSON noted the language of "necessary" and "remote" schools are interchangeable.

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Linda leach, Committee Assistant

Kimberly Taylor, Office Manager EXHIBIT SUMMARY 1. Tax Credits, HB 2002 Child Development and Student Parent Programs, LRO, 6/11/91 - HB 2002 2. Proposed Amendments HB 2002-1, 4/24/91, LRO - HB 2002 3. Proposed Amendments HB 2002-4, 6/10/91, LRO - HB 2002 4. Fiscal Analysis, LFO, 3/20/91 - HB 2002 5. Staff Measure Summary HB 2003, House Education Committee, 6/11/91 HB 200 2 6. HB 2262 Dependent Care (facilities, services and referral), LRO, 6/11/91 - HB 2262 7. Proposed Amendments HB 2262-1, 6/7/91, LRO - HB 2262 8. HB 3469 Youth Apprenticeships, LRO, 6/11/91 - HB 3469 9. Proposed Amendments HB 3469-A5 (see Exhibit 2 from House Revenue 6/3/91 meeting) - HB 3469 10. Proposed Amendments HB 3469-A6, 6/3/91, LRO - HB 3469 11. HB 3575 Tax credit for foster care of CSD placed children, LRO, 6/11/91 - HB 3575 12. Proposed Amendments HB 3575-A2, LRO, 6/10/91 - HB 3575 13. Proposed Amendments HB 3577-1, LRO, 6/10/91 - HB 3577 14. Draft LC 4122, 6/11/91, Rep. Delna Jones - LC Drafts 15. Proposed Amendments HB 3073-A,, 6/11/91, LRO - HB 3073 16. State School Fund SB 814A, LRO, 6/11/91 - SB 814 17. School Finance Simulation, Run #17, 6/9/91, LRO - SB 814 18. Revenue Analysis SB 814A, LRO, 6/7/91 - SB 814 19. Staff Measure Summary SB 814A, LRO, 6/11/91 - SB 814 20. Fiscal Analysis SB 814A, LFO, 6/7/91 - SB 814 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.