

Tapes 1-2 (A/B)

Tapes 3-4 (A)

Public Hearing:

HB 2352, HB 2528

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

SUBCOMMITTEE ON INCOME TAXATION

March 1, 1991 8:00 a. Hearing Room 357 State Capitol Building

Members Present: Representative John Schoon, Chair

Representative Mike Burton

Representative Bev Clarno

Representative Delna Jones

Representative Mike Nelson

Witnesses: Jim Brown, Department of Revenue (DOR)

Beulah Hand, National Association of Retired  
Federal Employees

Ted Demezas, Oregon Council of Federally Related  
Organizations (OCOFRO)

Ed Hughes, OCOFRO

Jim Larson, Oregon Association of Private Retirees

Leverett Curtis, Oregon Association of Private  
Retirees

Mari Anne Gest, Oregon School Employees Association  
(OSEA)

- Don Satchell, Oregon Education Association (OEA)

Mary Botkin, AFSCME - Council 75

Bob VanHoute, United Seniors of Oregon

Chuck Frederickson, Retired PERS

- Jack Sollis, Retired PERS

John Vogl, OCOFRO

Tom Hughes, Beaverton Education Association

Political Action Committee

Betty Drew, Oregon City, Oregon

John Lobdell, Oregon City, Oregon

Leif Harder, Retired Professor

Maria Keltner, Local Government Personnel Institute  
(LGPI)

Staff: Dick Yates, Legislative Revenue Office

Marlene Stickley, Committee Assistant

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 ~ School Finance Subcommittee on Income Taxation March 1, 1991 Page 2

TAPE 1. SIDE A

005 CHAIR SCHOON called the meeting to order at 8:16. and conducted administrative business.

PUBLIC HEARING HB 2352, HB

252 8

010 DICK YATES discussed Recommendations of the Joint Task Force On Retirement Income Equity research report. Exhibit 1

p92 JIM BROWN presented an update regarding DOR decisions based on court cases, clarifying that DOR was advised by the Attorney General to exempt federal retirement pensions for tax year 1990.

178 BEULAH HAND delivered the first three pages of her historical testimony regarding federal retirees' income taxation. Exhibit 2

306 BEULAH HAND commented that of the 23 states that were just like Oregon

(required federal to pay taxes but not state retirees), 9 now have included federal retirees in their treatment of not paying taxes. Exhibit 2, pages 5 and 6

319 TED DEMEZAS testified in opposition to HB 2352 by reading his testimony. Exhibit 3

TAPE 2. SIDE A

001 TED DEMEZAS continued his testimony. Exhibit 3

007 ED HUGHES presented his testimony regarding tax equity of retired income. Exhibit 4

046 JIM LARSON read his testimony. Exhibit 5

086 Questions and discussion regarding Exhibit 5.

109 LEVERETT CURTIS perused his testimony. Exhibit 6

159 MARI ANNE GEST recited her testimony of opposition to HB 2352. Exhibit 7

229 DON SATCHELL noted his testimony of opposition to HB 2528 and explained the excerpt regarding taxation of PERS. Exhibit 8

282 DON SATCHELL commented on his feeling that the legislature has a moral obligation to continue their committment to retirees.

292 DON SATCHELL referred to the figures for retirees' tax filing. Exhibit 8, pages 7 and 8

340 DON SATCHELL expressed his feeling that this committee should not address whose benefits are best and quoted current benefit costs.

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380 DON SATCHELL summarized his testimony that legislature should comply with the Davis case by equalizing the tax treatment of federal and state pensions.

371 REP. NELSON questioned the meaning of federal retirees having full cost of living.

372 DON SATCHELL explained federal retirees receive an adjustment of their benefits related to the annual cost of living, which is produced by the federal government.

TAPE 1. SIDE B

001 DON SATCHELL continued his testimony. Exhibit 8

018 Questions and discussion.

046 MARY BOTKIN expressed her concern that equity in taxation include equity in benefits.

121 BOB VANHOUTE discussed his feelings on equity of retirement taxation, commenting that all citizens should pay their share of taxes.

212 BOB VANHOUTE urged the committee to increase benefits to PERS retirees so they can have the equivalent of earnings that they had before any tax program was imposed.

256 Questions and discussion.

268 CHUCK FREDERICKSON read his testimony regarding HB 2528, noting Oregon income tax examples attached. Exhibit 9, pages 3, 6 and 7

360 Questions and discussion.

390 JACK SOLLIS discussed legal questions regarding the implied contract between PERS employees and the state, noting his feeling that HB 2528 and HB 2529 provide solutions.

TAPE 2. SIDE

B

001 JACK SOLLIS continued his presentation on HB 2528 and HB 2529. Exhibit 9

064 Questions and discussion.

094 JOHN VOGL testified in opposition to HB 2528 and HB 2529, reading his prepared testimony. Exhibit 10

164 JOHN VOGL encouraged the committee to enact new legislation that would be fair and equitable to all retirees.

167 Questions and discussion.

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190 JOHN VOGL discussed medical benefits, commenting that benefits are virtually impossible to equalize.

202 TOM HUGHES discussed collective bargaining and contractual agreements.

332 Questions and discussion regarding negotiation of benefits.

TAPE 3. SIDE

A

p01 Questions and discussion continued.

012 BETTY DREW began with her prepared testimony. Exhibit 11

022 Questions and discussion interspersed.

045 BETTY DREW continued her testimony, recommending that legislation find a solution other than an adjustment to tax. Exhibit 11

102 JOHN LOBDELL read his testimony, clarifying his concern to achieve equality between public and private retiree". Exhibit 12

278 LEIF HARDER testified from a historical prospective, commenting that if HB 2528 passes then HB 2529 should also pass.

TAPE 4. SIDE A

001 MARIA KELTNER discussed current benefits for federal retirees, explaining the increase of benefits and how they are financed.

010 Questions and discussion regarding statuatorial and contractual benefits.

029 MARIA KELTNER clarified differences between statuatorial and contractual requirements.

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035 Questions and discussion regarding state obligation.

062 CHAIR SCHOON conducted administrative business and adjourned the meeting at 10:40.

Marlene Stickley, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Recommendations of the Joint Task Force on Retirement Income Equity, LRO, 2/25/91 - HB 2352
  2. Testimony, Beulah Hand, 3/1/91 - HB 2352
  3. Testimony, Ted Demezas, 3/1/91 - HB 2352
  4. Testimony, Ed Hughes, 3/1/91 - HB 2352
  5. Testimony, Jim Larson, 3/1/91 - HB 2352
  6. Testimony, Leverett Curtis, 3/1/91 - HB 2352
  7. Testimony, Mari Anne Gest, 3/1/91 - HB 2352
  8. Testimony, Don Satchell, 3/1/91 - HB 2528
  9. Testimony, Chuck Frederickson/Jack Sollis, 3/1/91 - HB 2528
10. Testimony, John Vogl, 3/1/91 - HB 2528
11. Testimony, Betty Drew, 3/1/91 - HB 2352
12. Testimony, John Lobdell, 3/1/91 - HB 2352

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