

Tapes 5-6 (A/B)  
Tape 7 (A)  
Public Hearing:  
HB 2352, HB 2528, HB 2750

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON INCOME TAXATION  
March 6, 1991 8:00 am Hearing Room A State Capitol Building

Members Present: Representative John Schoon, Chair  
Representative Mike Burton  
Representative Bev Clarno  
Representative Delna Jones  
Representative Mike Nelson

Witnesses: Representative Denny Jones  
Beulah Hand, National Association of Retired  
Federal Employees (NARFE)  
Jim Larson, Oregon Association of Private Retirees  
Leverett Curtis, Oregon Association of Private  
Retirees  
Leland Jensen, Association of Retired Oregon State  
Employees (AROSE)  
Jack Sollis, PAC  
Vicky Barrows, Association of Oregon Educators  
John Lobdell, Oregon City  
Bob Keyser, Oregon Council of Police Association  
Jim Brown, Department of Revenue (DOR)  
Staff: Dick Yates, Legislative Revenue Office  
Marlene Stickley, Committee Assistant

TAPE 5, SIDE A

006 CHAIR SCHOON called the meeting to order at 8:12 and conducted  
administrative business.

PUBLIC HEARING HB 2352, HB 2528, HB  
275 0

018 DENNY JONES testified in support of HB 2750.

043 BEULAH HAND voiced her support of HB 2750 and explained cost of living  
allowances (COLA). Exhibit 1

088 REP. BURTON commented that COLA's are not automatic and should not be  
used a benefit for federal retirees.

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.  
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101 BEULAH HAND noted an annual increase is occasionally adjusted and  
discussed fees for benefits.

131 JIM LARSON read his prepared testimony supporting HB 2750. Exhibit 2

200 LEVERETT CURTIS commented that medical plans are only as good as they  
are made to be and everyone has a moral obligation.

216 JIM LARSON expressed his feeling that retirees need to continue  
, supporting the services provided by the state.

260 REP. BURTON expressed his concern regarding retirement income tax  
equity by comparing income cap and sliding scale methods.

294 JIM LARSON compared retirement income averages between PERS and private  
retirees; suggested all sources of income be compiled.

343 REP. BURTON expressed his concern regarding a retirement income cap and

debated the fairness of compiling all income sources.

379 JIM LARSON discussed unfunded liability.

TAPE 6. SIDE

A

001 JIM LARSON continued his discussion of unfunded liability.

009 LEVERETT CURTIS suggested including Social Security in total income.

028 REP. JONES clarified that Social Security not being taxed is a constitutional requirement.

040 Question and discussion regarding livable income.

065 LELAND JENSEN testified in support of HB 2528 and HB 2529 combined.

Exhibit 3

199 Question and discussion regarding opinions of equity.

275 CHAIR SCHOON questioned the wording in HB 2529 that provides an increase to members who retire before the calendar year 1991.

280 LELAND JENSEN answered there would be a slightly higher assessment to all employers to pay into the PERS fund to account for the increased benefits that future retirees would receive.

308 Questions and discussion regarding the relation between HB 2528 and HB 2529.

315 JACK SOLLIS testified in opposition to HB 2750.

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372 JACK SOLLIS depicted two legal problems being Davis v. Michigan and the implied contract with PERS retirees.

436 JACK SOLLIS presented comparison between HB 2528 and HB 2529.

TAPE 5. SIDE

B

001 JACK SOLLIS continued his comparison between HB 2528 and HB 2529 and encouraged the committee to consider passing both as a solution to the legal problems.

062 CHAIR SCHOON questioned the calculation of benefits for current and future retirees under HB 2529.

069 JACK SOLLIS explained the computation of benefits for active and future retirees.

080 JACK SOLLIS pointed out that HB 2529 has an appropriation from the General Fund to pay the amount of increase to PERS in lieu of raising the cost of the employers.

096 Questions and discussion regarding the appropriation.

107 VICKY BARROWS expressed concern regarding the proposal to tax retirement income, explaining loss of benefits and honoring the PERS contract.

146 VICKY BARROWS felt the issue should not be about which benefits are best, but about complying with the Davis case and protecting the adequacy of benefits for PERS members.

142 Questions and discussion regarding taxation of benefits.

159 JOHN LOBDELL discussed past legislation and retirees having to go through the courts.

250 JOHN LOBDELL felt the issue is not what to do with federal employees, but what direction PERS is going to go.

266 JOHN LOBDELL recited his suggestions. Exhibit 4

274 BOB KEYSER discussed contractual agreements regarding pension taxation and felt if pensions are taxed there should be some benefit to offset the tax.

315 CHAIR SCHOON recessed the meeting at 9:31 and reconvened at 9:55 as a subcommittee until a quorum was reached at 9:59.

322 JIM BROWN provided an update regarding court litigation.

400 JIM BROWN summarized a court decision regarding ORS 305.765, which caused the refund dilemma for DOR.

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TAPE 6. SIDE

B

001 JIM BROWN continued his discussion regarding DOR dilemma in relation to court litigation.

015 Questions and discussion regarding refunds.

035 JIM BROWN discussed cases relating to retroactivity.

062 Questions and discussion on court litigation regarding refund ,issues.

075 DICK YATES began his review of the Recommendations of the Joint Task Force on Retirement Income Equity research report. Exhibit 5

108 Questions and discussion regarding appeal rights.

115 DICK YATES continued his review. Exhibit 5

142 DICK YATES explained retirement income generally. Exhibit 5, pages 3 & 4

189 DICK YATES discussed income of seniors. Exhibit 5, pages 4 & 5

199 DICK YATES summarized the money income tables, noting income falls as age increases. Exhibit 5, page A-1

235 DICK YATES presented the type of retirement benefits for married and unmarried persons. Exhibit 5, page A-2

257 DICK YATES referred to money income charts for married and unmarried persons. Exhibit 5, page A-3

270 DICK YATES referred to the retirement income chart and explained how Social Security complicates the problem of an equitable program for all retirees. Exhibit 5, page A-4

370 Questions and discussion regarding the retirement income chart. Exhibit 5, page A-4

437 DICK YATES overviewed median incomes. Exhibit 5, page A-5

TAPE 7. SIDE A

001 DICK YATES continued his overview of median incomes. Exhibit 5, page A-5

033 DICK YATES referred to tax treatment of retirees, emphasizing when a pension benefit and annuity is received there is no tax (if taxed at time earned) therefore the only thing being taxed is the realization of previously untaxed income. Exhibit 5, page 5

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048 DICK YATES provided a chart illustrating the elderly tax credit. Exhibit 6

073 DICK YATES discussed current state law. Exhibit 5, pages 6 & 7

079 Questions and discussion regarding current law.

130 DICK YATES continued discussing current law. Exhibit 5, page 7

143 DICK YATES explained cost of state retirement exemptions. Exhibit ,5, page 8

179 DICK YATES discussed exclusions in regards to federal pension income.

197 DICK YATES explained growth of public subtractions. Exhibit 5, page 9  
213 DICK YATES referred to the table of state pension exclusions. Exhibit  
5, page 10  
256 DICK YATES reviewed characteristics of the Davis legislation. Exhibit  
5, page B-1 (noting footnotes on pages B-2 to B-4)  
301 DICK YATES explained the summary of state responses to Davis public and  
private pensions. Exhibit 5, pages B-5 and B-6  
364 CHAIR SCHOON conducted administrative business and adjourned the  
meeting at 10:56.

Marlene Stickley, Committee Assistant  
Kimberly Taylor, Office Manager  
EXHIBIT SUMMARY

1. COLA Information, Beulah Hand, 3/6/91 - HB 2750
2. Testimony, Jim Larson, 3/6/91 - HB 2750
3. Testimony, Leland Jensen, 3/6/91 - HB 2528
4. Testimony, John Lobdell, 3/1/91 (see Exhibit 12, page 2 from 3/1/91 meeting) - HB 2352
5. Recommendations of the Joint Task Force on Retirement Income Equity, LRO, 2/25/91 (see Exhibit 1 from 3-1-91 meeting) - HB 2352
6. Chart on Elderly Tax Credit, LRO, 3/6/91 - HB 2352
7. Correspondence, Ken Collins, 2/27/91 - HB 2352

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