

Tapes: 8-9 (A/B)  
Public Hearing: HB  
235 2,  
HB 2528, HB 2750  
Work Session:  
HB 2352, HB 2528

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
SUBCOMMITTEE ON INCOME TAXATION  
March 7, 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: Sam Johnston, Association of Engineering Employees  
of Oregon (AEE)  
Ted Demezas, Oregon Council of Federally Related  
Organizations (OCOFRO)  
Ed Hughes, OCOFRO  
Parks Walker, OCOFRO  
Cecil Posey, Oregon Retired Educators Association  
Staff: Dick Yates, Legislative Revenue Office  
Marlene Stickley, Committee Assistant

TAPE 8, SIDE A

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

PUBLIC HEARING HB 2352, HB 2528, HB  
275 0

017 SAM JOHNSTON read his prepared testimony, supporting HB 2528 and HB  
252 9 combined. Exhibit 1

042 TED DEMEZAS explained his recommendation to amend the implementation  
date in HB 2750, Section 4, page 4.

068 PARKS WALKER discussed previous and current litigation dealing with  
retroactive payments. Exhibit 2

129 REP. BURTON questioned why a federal annuitant would appeal a federal  
court ruling for retroactive refunds.

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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.  
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133 PARKS WALKER explained a South Carolina retroactive refund case denied  
by the State Supreme Court, which has been appealed to the U.S. Supreme  
Court.

153 Questions and discussion regarding litigation. Exhibit 2

168 PARKS WALKER clarified most cases are on the basis of the statutory  
backlog of the state (normally 3 years), commenting that most states have  
gone back to the basis of the regulatory refund.

186 Questions and discussion continued regarding court cases and Attorney  
General decisions.

181 TED DEMEZAS summarized the Ragsdale case and questioned the possibility  
of asking the Attorney General for his opinion regarding 1989.

216 Questions and discussion regarding the Attorney General's opinion.

247 PARKS WALKER recited U.S. Supreme Court decisions, and expressed his concern of retirees having to continually appeal to the U.S. Supreme Court for tax refunds.

318 PARKS WALKER objected to the current DOR appeal process, commenting there should be a fair time schedule.

339 PARKS WALKER mentioned two reports that could be helpful to the committee regarding alternatives.

345 CECIL POSEY discussed previous legislation pointing out past problems regarding low income retirement.

354 CECIL POSEY explained Social Security income availability to retirees and PERS retirement investment funds.

TAPE 9, SIDE A

001 CECIL POSEY continued his testimony on past legislation and discussed the cost of living and decreasing buying power for retirees.

044 CECIL POSEY commented that retirees need the income they are receiving or their buying power will continue to deteriorate.

072 REP. NELSON questioned the cost of living adjustment (COLA).

076 DICK YATES explained two COLAs, clarifying one is statutory and in the consumer price index (cpi), the other is discretionary.

085 Questions and discussion regarding COLA.

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103 CECIL POSEY explained the PERS retirement finance system and decisions for increases.

126 DICK YATES commented decisions for increases have not been funded by the General Fund.

130 CECIL POSEY finalized his testimony discussing past legislation and cpi data.

170 Questions and discussion regarding cpi and retirement taxes.

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210 DICK YATES explained HB 2352 exclusions and suggested, when reading the bill, to refer to page 16 of Recommendations of the Joint Task Force on Retirement Income Equity research report. Exhibit 3

329 CHAIR SCHOON directed the committee to stand at ease from 9:00 to 9:08.

389 CHAIR SCHOON recessed the meeting at 9:08 and reconvened at 9:37.

391 DICK YATES clarified that HB 2352 is based on the figures in the research report. Exhibit 3, page 16

430 DICK YATES illustrated the 9 percent credit in HB 2352. Exhibit 4

TAPE 8. SIDE

B

001 DICK YATES continued with his illustration of the 9 percent credit in HB 2352. Exhibit 4

148 Questions and discussion regarding the illustration. Exhibit 4

164 DICK YATES explained two policy decisions made (to achieve equity) by the Joint Task Force on Retirement Income, commenting that the consideration of Social Security created a program involving credit.

172 Questions and discussion continued regarding the illustration. Exhibit 4

198 DICK YATES explained phase out and income cap.

200 Questions and discussion regarding revenue neutral.

221 DICK YATES handed out recalculated charts for the change in the definition of current law. Exhibit 5 (pages 11 and 16 of Exhibit 3)

239 Questions and discussion regarding the definition of current law in relation to the recalculated charts. Exhibit 5

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280 DICK YATES reviewed the figures in the charts, clarifying that data does not distinguish federal retirees over the limit (who get no exclusion) from any other retiree.

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309 DICK YATES explained pages 1 through 3 of HB 2528.

333 Questions and discussion.

,340 DICK YATES discussed pages 4 and 5 of HB 2528.

385 Questions and discussion regarding taxable income.

TAPE 9. SIDE

B

001 Questions and discussion continued regarding taxable income.

010 DICK YATES clarified that HB 2528, Section 6, page 7, would make all retirement income taxable because exclusions have been removed.

023 Questions and discussion regarding taxable income and the exclusions in Sections 1 and 2 of HB 2528.

049 REP. NELSON inquired if HB 2528 would affect private sector retirees.

053 DICK YATES responded there would be no affect in terms of the calculation of tax and clarified that private sector retirees would be treated more equitably. Explained that private retirees are currently being discriminated against and Social Security would remain totally exempt in HB 252 8 and under current law.

074 DICK YATES referred to Section 8, page 7 of HB 2528, and explained the effective date and the possibility of amended returns being filed.

093 DICK YATES reviewed Section 9, pages 7 and 8 of HB 2528, and related it to HB 2529.

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128 DICK YATES explained HB 2529 and how it relates to HB 2528.

156 Questions and discussion regarding HB 2529 and revenue neutral.

165 DICK YATES focused on revenue neutral and provided an example.

185 CHAIR SCHOON questioned how HB 2529 would provide additional moneys to PERS retirees.

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190 DICK YATES explained Section 12 of HB 2529 provides a series of blanks for a General Fund appropriation.

209 Questions and discussion continued regarding HB 2529.

300 CHAIR SCHOON conducted administrative business and adjourned the meeting at 10:28.

, Marlene Stickley, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Testimony, Sam Johnston, 3/7/91 - HB 2528
2. Summary of State Responses to Davis Public Pensions, Parks Walker,

3/7/91 - HB 2750

3. Recommendations of the Joint Task Force on Retirement Income Equity, LRO, 2/25/91 (see Exhibit 1 from 3/1/91 meeting) - HB 2352

4. Illustration of 9 Percent Credit, LRO, 3/7/91 - HB 2352

5. Recalculated Charts (from pages 11 & 16 of Exhibit 1, 3/1/91 meeting), LRO, 3/7/91 - HB 2352

6. Amendments to HB 2750, Rep. Denny Smith, 3/5/91 - HB 2750

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