

Tapes 67-68, (A)  
Work Session:  
SB 436, SB 437, SB 438  
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
March 7, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair  
Senator Joan Dukes, Vice Chair (arrived 1:30)  
Senator John Brenneman  
Senator Shirley Gold  
Senator Ron Grensky  
Senator Bill McCoy  
Senator Tricia Smith (arrived 1:16)

Staff Present: Dick Yates, Legislative Revenue Office  
Mary Ann Zimmermann, Committee

Assistant

Witnesses Present: Bernie Agrons  
Representative Carl Hosticka  
Ron Chastain, Chairman of Checkoff Commission  
Jim Craven, Oregon Advocates for the Arts

TAPE 67. SIDE A

005 CHAIR CEASE called the meeting to order at 1:12 P.M. and conducted administrative business.

WORK SESSION - SB

436

011 BERNIE AGRONS testified on behalf of SB 436. The reason for developing SB 436 was to provide review for all checkoffs which was neglected during the last session when the Checkoff Commission was developed. If the Committee chooses not to pass SB 436 then it should be repealed.

073 REP. HOSTICKA reinforced the notion that either the Commission or the Legislature should make the decisions for Checkoffs but as it stands now both are involved which causes confusion. SB 436 would provide clarity otherwise the Checkoff Commission should be done away with.

109 RON CHASTAIN, chair of the Checkoff Commission, supported SB 436 because the Commission makes the process easier.

130 CHAIR CEASE asked if nothing was done with SB 436 then the three specific statutory checkoffs would not be put on the tax form if tests were not met. The response was yes.

These minutes paraphrase and/or summarize statements made during this meetings. 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 RON CHASTAIN addressed the concerns of the existing statutory checkoff groups. The qualifications of Checkoffs was read in ORS 305.720 EXHIBIT 1  
193 CHAIR CEASE commented on previous testimony from the Oregon Advocates for the Arts in which they were willing to have existing recipients subject to the financial reporting requirements, but are uncomfortable with the rest of SB 436.

218 SEN. BRENNEMAN questioned the additional 1 percent of revenues that was addressed by the Oregon Advocates of the Arts.

227 DICK YATES explained the one percent contribution is used to pay the expenses of the Commission. Reference was made to the expenses of the

checkoff contributions. EXHIBIT 2

250 DICK YATES asked if the Checkoff Commission feels there is a need to change the existing law with reference to the timing element of the \$50,000 requirement test. -

269 Discussion and questions follow regarding the language in SB 436.

306 CHAIR CEASE asked the Committee what should be done with SB 436 .

322 SEN. GOLD suggested leaving it alone or table SB 436.

331 SEN. BRENNEMAN asked Mr. Craven if the Advocates for the Arts felt they might be dropped from the checkoff list if SB 436 was passed.

343 JIM CRAVEN explained all the Checkoffs are subject to the \$50,000 test under current law.

372 JIM CRAVEN voiced concern in loosing the statutory entitlement to this checkoff. Reference was made to Section 2 of SB 436 which removes specific exemptions and the final section in the bill repeals all existing checkoffs. The concerns were addressed.

397 Discussion follows regarding existing checkoff recipients be made subject to the financial reporting requirements of ORS 305.73.

417 CHAIR CEASE clarified the intent was not to remove the statutory references.

TAPE 68 SIDE

A

007 SEN. DUKES agreed it was not the intent that already existing checkoffs would have to be reapproved.

010 SEN. SMITH questioned the financial reporting requirements in ORS 305 .730.

024 DICK YATES explained the purpose of the review was to make certain that the checkoffs were still complying with the policy requirements.

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033 Discussion and questions follow regarding the financial reporting requirements. It was clarified that the Arts Checkoff has a public report available because the money goes through a government agency.

053 SEN. SMITH explained if the intent does not require the existing checkoff to gain the nod of the Commission in order to exist then there is no need for the agencies to go through a financial review process with the Commission when the Commission doesn't have the authority to do anything with that information.

056 DICK YATES explained that the Peace Institute does go through financial review by the Legislature and not the Checkoff Commission.

063 MOTION SEN. SMITH moved to table SB 436

074 VOTE In a roll call vote, the motion was adopted. (6-0) AYES: Senators Gold, Brenneman, McCoy, Smith, Vice-Chair Dukes, and Chair Cease. Senator Grensky was excused.

WORK SESSION - SB 437

079 MOTION SEN. GOLD moved SB 437 to the floor with a do pass recommendation.

082 VOTE In a roll call vote, the motion was adopted. (6-0)\*

AYES: Senators Gold, Brenneman, McCoy, Smith, Vice Chair Dukes, and Chair Cease. Senator Grensky was excused. Senator Gold will carry the bill. (Sen. Grensky was granted unanimous consent to vote Aye - See 3/11/91 minutes).

\*Final vote 7-0

WORK SESSION - SB 438

092 DICK YATES discussed the numbers in line 10 of SB 438 and they are correct. The question of the income level in line 14 of the bill and the assumption is to take a standard deduction but the numbers are correct. Line 16 addresses moving into the 9 percent bracket and the effect of Federal tax is not in the bill.

115 NOTION SEN. GOLD moved SB 438 to the floor with a do pass recommendation.

120 DISCUSSION

122 SEN BRENNEMAN voiced problems brought about by Measure 5 which is cutting the budget and if the income is being revised at this time the public would not get the impression of the Legislature following through on the budget cuts.

137 SEN. DUKES referred to a letter dealing with SB 438 and it was clarified that the letter referred to an old bill number from last session and had nothing to do with the bill under discussion.

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148 SEN. DUKES felt SB 438 streamlines the tax system and Legislature should not be concerned with perception but deal with equity.

156 Discussion follows regarding when SB 438 would go into effect.

170 SEN. GOLD explained the development of this bill was to look at a fair tax system without raising revenue. It is a policy statement to accommodate fairly with all taxpayers. Perception deals with ability to pay and the current personal income tax does not do that. The reality is that Measure 5 does not treat everyone equitably and this revenue neutral piece of legislature would begin to address the equity issue.

243 VOTE In a roll call vote, the motion was adopted. (6-1)

AYES: Senators Gold, Grensky, McCoy, Smith, Vice-Chair  
Dukes, Chair Cease. NAYS: Senator Brenneman. The bill  
was carried by Senator Gold.

250 CHAIR CEASE adjourned the meeting at 2:00 P.M.

Mary Ann Zimmermann, Committee Assistant  
Kimberly Taylor, Office Manager

#### EXHIBIT SUMMARY

1. Statutes, LRO, 3/4/91 - SB 436 (See Exhibit 2, 3/4/91, Senate Revenue Meeting - SB 436)
2. Checkoff Contributions, LRO, 3/4/91 - SB 436 (See Exhibit 1, 3/4/91, Senate Revenue Meeting - SB 436)

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