

Tapes 189-192, (A\B)

Public Hearing & Work Session:

SB 95, SB 813A, SB 828,

SB 857A, HB 2164A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

June 10, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair

Senator John Brenneman (arrived 1:20)

Senator Shirley Gold

Senator Ron Grensky (arrived 1:20)

Senator Bill McCoy (arrived 1:25)

Senator Tricia Smith (arrived 1:32)

Staff Present: Dick Yates, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Dave Frohnmayer, Oregon Attorney General

Diane Pammenter, National Marrow Donor Program

Michael Grainey, Department of Energy

Terrie Heer, Oil Heat Commission

Suzanne Dillard, Residential Conservation Program

Paul Olson, Energy Doctors Inc.

Rep. Larry Sowa, District 26

Sen. Bill Kennemer, District 12

Sen. Mae Yih, District 19

Ida Harris, Albany Citizen Advisor Committee

Steve Bryant, City of Albany

David Nebel, Oregon Legal Services

Sen. Larry Hill, District 21

Frank Brawner, Oregon Banker's Association

Charlie Harris, Community and Shelter Assistance Corporation (CASA)

Rep. Dave McTeague, District 25

Richard Feeny, Tri-County Metropolitan Transit

District (Tri-Met)

Jim Brown, Department of Revenue (DOR)

Ellen Lowe, Ecumenical Ministries

Robert Shatzen, Schnitzer Steel Industries

Pam Hodge, Legislative Assistant for Sen. Joyce

Cohen, District 13

Ralph Groener, American Federation of State, County and Municipal Employees (AFSCME)

TAPE 189 SIDE A

005 CHAIR CEASE called the meeting to order at 1:16 and conducted administrative business.

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PUBLIC HEARING AND WORK SESSION SB 813

016 DAVE FROHNMAYER testified in support of SB 813A dealing with bone marrow transplant. An overview of the treatment of bone marrow transplantation was presented. Reference is made to the tissue matching of bone marrow donors.

073 DAVE FROHNMAYER discussed the establishment of a National Marrow Donor

Registry with the encouragement of recruitment for the donor pool.

097 DAVE FROHNMAYER presented a packet illustrating the national marrow donor program. EXHIBIT 1

125 DAVE FROHNMAYER explained the components of SB 813A.

151 DIANE PAMMENTER testified in support of SB 813A with reference to transplant recipients in Oregon. The intent of SB 813A is to establish a program to encourage a transplant donor program through education. Testimony is presented with reference to EXHIBIT 1.

230 DIANE PAMMENTER continued testifying in support of SB 813A explaining the donor program in the state of Oregon.

286 DICK YATES presented a description of SB 813A including a list of issues in the bill. EXHIBIT 2

303 DICK YATES explained the proposed amendments SB 813-A2 presented by Sen. Kitzhaber which amend Line 26, Page 1 of SB 813A. The amendments clarify it is unlawful to deny an employee to use accumulated paid leave for the bone marrow donor program. EXHIBIT 3

350 DICK YATES continued explaining the SB 813-A2 amendments. Reference is made to an employer receiving a tax credit for 25 percent of bone marrow donor expense.

363 DICK YATES discussed Page 2, Line 38 of SB 813A containing ambiguous language regarding wages paid to an employee for time related to tissue typing and bone marrow donation.

397 SEN. DUKES clarified the question is why an employer is receiving a tax credit for time that the employee would already be taking off because it is accrued paid leave.

404 SEN. SMITH would like language clarifying the intent of the bill.

410 DIANE PAMMENTER explained there is no administrative cost to employers. Discussion follows.

TAPE 190 SIDE

A

024 DIANE PAMMENTER gave an overview of the time lost during marrow

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donation. The wages refer to that of the donor during the actual harvesting time of the marrow which usually requires two days off work.

041 Discussion follows regarding the employer and employee commitment with an employer receiving a tax credit if money is lost during a marrow donation.

082 SEN. DUKES clarified that the employer receives a tax credit for wages that would be paid while the employee is providing a marrow transplant. If there is no accrued leave the employer would not receive the tax credit because wages would not be paid.

122 DICK YATES explained the language could be drafted that if an employer actually incurs a cost because of the action then should be eligible for the tax credit.

138 DAVE FROHNMAYER commented on the existing language in the bill deals adequately with the issue before the committee because it refers to actual money lost by the employer and that is what the tax credit refers to.

150 Discussion follows regarding accepting existing language since the intent is clarified for the record that "wages paid" does not mean "wages paid" for accrued leave but for wages paid when there is no leave available. It was clarified that the DOR understands the intent of the SB 813 A with regard to "wages paid."

172 DAVE FROHNMAYER explained the employer expense is toward tissue typing

and testing.

187 SEN. SMITH asked why language was not in the bill dealing with a tax credit to the employee who is going through the donor program.

189 DIANE PAMMENTER responded the donors do it because they want to and the problem has been getting the money to do the testing.

197 DAVE FROHNMAYER addressed the medical ethics involved in paying people for organ donations.

209 MOTION SEN. SMITH moved to adopt SB 813-A2 (LC 1286) dated 5/9/91.

EXHIBIT 3

211 CONSENSUS CHAIR CEASE noted no objection to adopt the motion.

214 MOTION -SEN. SMITH moved SB 813A as adopted to the Senate floor with a do pass recommendation.

220 VOTE In a roll call vote the motion passed (4-0). AYES:
Senators McCoy, Smith, Gold, Cease. Senators Grensky,
Brenneman, Dukes were excused. Senator Kitzhaber will
carry the bill on the floor.

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234 CONSENSUS CHAIR CEASE noted no objection to allow Sen. Gold to vote AYE on HB 2550A and HB 2609A. (See Senate Revenue Committee meeting 6/7/91, Tape 188 Side A, Meter #191 and Meter #265.

PUBLIC HEARING AND WORK SESSION - SB 95

245 MICHAEL GRAINEY explained SB 95 would extend the State Home Oil Weatherization Program (SHOW) for five years. Prepared testimony was presented. Discussion and questions are interspersed. Reference is made to homes heated with kerosene. EXHIBIT 28

331 TERRIE HEER testified in support of SB 95 by reading prepared testimony. EXHIBIT 4

356 Discussion includes heating homes with kerosene.

370 PAUL OLSON testified in support of SB 95. Reference is made to considering conservation when attempting to economize home heating.

TAPE 189 SIDE B

025 DICK YATES presented proposed amendments SB 95-1 which is a refundable tax credit. EXHIBIT 5

036 DICK YATES presented and discussed the issues in SB 95. Discussion follows regarding the refundable credit. The -issue of substituting a credit carry-forward for refundability was addressed. EXHIBIT 6

081 CHAIR CEASE asked what the revenue impact is for SB 95.

086 DICK YATES responded the revenue impact is \$50,000 in 1991-93 and \$191,000 in 1993-95.

091 Discussion follows regarding a slight reduction of the revenue impact if SB 95-1 amendments were adopted. A historical overview of the lender credit was presented.

105 MOTION SEN. MCCOY moved to adopt SB 95-1 (LC 922) dated 6/7/91. EXHIBIT 5

107 CONSENSUS CHAIR CEASE noted no objection to adopt the motion.

108 MOTION SEN. MCCOY moved SB 95 as amended to the Senate floor with a do pass recommendation.

115 VOTE In a roll call vote the motion passed (7-0). AYES:
Senators McCoy, Smith, Brenneman, Gold Grensky, Dukes
Cease. The bill will be carried by Sen. Cease on the
floor.

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PUBLIC HEARING AND WORK SESSION - SB 828

135 REP. SOWA discussed SB 828 and the tax credit for sewer hookups with reference to problems in communities of Clackamas County.

145 SEN. KENNEMER testified with regard to the health hazard problems in Clackamas County due to improper sewer hookups and the lack of financial resources to correct the problem.

167 SEN. DUKES asked if there is a provision in the bill that the credit would only go to low income people.

178 REP. SOWA responded there is no provision for low income in the bill but there are some low income families in the areas.

180 SEN. DUKES voiced concern in people coming to the state for help with local problems.

200 Discussion follows regarding local communities dealing with local problems and questioned why the State should help people when a sewer is needed.

230 SEN. GOLD testified in support of helping the local communities with the sewer problem.

235 SEN. KENNEMER responded the local community has attempted to find a solution to the dilemma without success.

242 REP. SOWA commented on the problem of annexation of the communities with regard to sewer hookups.

270 SEN. MAE YIH testified in support of SB 828 with reference to the emergency need of a sewer in Albany. EXHIBIT 8

307 IDA HARRIS read written testimony in support of SB 828. EXHIBIT 7

326 STEVE BRYANT discussed the North Albany health hazard situation due to sewer problems. The health hazard annexation was addressed with reference to the tax credit for the North Albany community from SB 828.

385 STEVE BRYANT discussed the SB 828-1 amendments submitted by Sen. Mae Yih. EXHIBIT 9 It was noted that the SB 828-1 amendments are incorporated in the proposed SB 828-2 amendments (EXHIBIT 10).

420 STEVE BRYANT explained the SB 828-2 amendments increase the tax credit from \$750 to \$1000. EXHIBIT 10

TAPB 190 SIDE

B

011 SEN. GRENSKY questioned the sewer issue in Albany and voiced concern in the state defraying cost for a sewer system that should not have been built in the first place.

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035 STEVE BRYANT responded there was negligence involved but many innocent parties have since moved into the area.

040 SEN. SMITH referred to a sewer problem situation in Salem which was built prior to annexation and asked if the changes on Line 15 of SB 828 would allow tax credit to homeowners in the future. The response was yes.

067 DICK YATES presented a description of SB 828 explaining the eligibility

of the tax credit. EXHIBIT 11

084 DICK YATES explained Line 15 in SB 828 relays that any decision by the Assistant Director for Health would qualify the project for a tax credit for anytime in the future. Placing a sunset was recommended.

098 SEN. DUKES asked if there were other areas in the State that have a sewer problem concern.

102 SEN. BRENNEMAN referred to Waldport that has many failing sewer systems. Sen. Brenneman supported having a sunset in the bill.

121 SEN. DUKES commented that the tax credit would not benefit the low income. Discussion follows.

137 CHAIR CEASE discussed what would be a good sunset in SB 828.

142 SEN. DUKES commented the sunset should say that the project has to have begun by a certain date.

155 SEN. SMITH noted orders of the Department of Environmental Quality (DEQ) but the bill says orders from the Health Division. It was clarified that the Assistant Director for Health works through the DEQ.

169 Discussion follows regarding a normal sunset time. It was recommended to have a sunset of four years.

183 MOTION SEN. SMITH moved to add a sunset to SB 828 of July 1, 1995.

188 SEN. SMITH asked how long is the tax credit process from beginning to end. Reference is made to the sunset date saying the process should begin by July 1, 1995 or be completed by July 1, 1995.

198 DICK YATES explained the theory of dealing with an area that qualifies which may take years before the final hookup is made.

209 AMEND MOTION CHAIR CEASE restated the motion to restore on Line 15, Page 1 of SB 828 "and before July 1, 1995."

220 CONSENSUS The amended motion was adopted with a noted objection from Sen. Dukes.

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223 SEN. DUKES asked why the SB 828-2 amendments were changed from \$750 to \$1000.

228 CHAIR CEASE referred to HB 3329 which increased the credit.

232 MOTION CHAIR CEASE moved to adopt SB 828-2 (LC 2238) amendments dated 6/10/91. EXHIBIT 10

235 CONSENSUS The motion was adopted with a noted objection from Sen. Sen. Dukes.

238 MOTION SEN. SMITH moved SB 828 as amended with the July 1, 1995 sunset and the SB 828-2 amendments with a do pass recommendation.

257 VOTE In a roll call vote the motion passed (5-1). AYES: Senators Smith, Brenneman, Gold, McCoy, Cease. NAYS: Senator Dukes. Senator Grensky was excused. Sen. Kennemer will carry the bill on the floor.

PUBLIC HEARING SB 857A

280 DAVID NEBEL presented an overview of SB 857A which is an attempt to upgrade farm labor housing.

288 SEN. LARRY HILL read testimony supporting SB 857. EXHIBIT 12

351 SEN. MCCOY asked if gains are being made in farm worker housing.

358 SEN. LARRY HILL responded that there has been little gain in construction of farm worker housing but there have been gains in making sanitary and safety requirements for farm worker housing.

380 Discussion follows regarding the farm worker housing issue.

TAPE 191 SIDE A

006 FRANK BRAUNER referred to SB 857-3 amendments which were adopted in Senate Business Housing and Finance Committee but are not reflected in the A-engrossed version of SB 857. Lines 18-22 need to be deleted on Page 1 of SB 857 A.

026 Discussion follows regarding the correction to SB 857A.

044 SEN. SMITH questioned that if the Sub 2, Sub (d) requirement is deleted and Sub (c) is also deleted then how does the Department of Revenue (DOR) know this is a valid farm worker camp.

061 FRANK BRAUNER responded the registration and compliance will continue after the passage of SB 857A.

067 SEN. SMITH voiced concern that the deletion of Lines 19-22 in SB 857A then all of the registration requirements would be deleted.

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074 DAVID NEBEL explained the project would be required to register with the Bureau of Labor and would be regulated by Oregon State Housing Association.

081 SEN. SMITH responded with reference to the lending institutions not being restricted to registered housing.

085 Discussion follows regarding basing a loan on registered housing.

100 SEN. LARRY HILL noted it is appropriate not to desire fraud, misrepresentation, or innocent mistakes and there should be language in the bill. The intent of SB 857A is to prevent the tax credit from being removed once the property qualifies as farm worker housing.

114 Discussion and questions follow regarding SB 857A.

150 CHAIR CEASE felt the A engrossed bill before the committee is not the same that was before the Business committee.

161 SEN. SMITH referred to Line 10, Page 1 of SB 857A and questioned the language in SECTION 4.

172 DAVID NEBEL referred to Page 5, Lines 11-12 of SB 857A regarding the definition of official farm worker housing.

182 SEN. LARRY HILL commented there is a linkage between the operator of the farm labor housing and the regulatory agencies but the link is severed between the lending institutions. Discussion follows.

198 FRANK BRAUNER explained no bank will proceed with the assumption of a tax credit unless there is a certification.

204 CHAIR CEASE decided to reschedule SB 857A for another meeting.

214 SEN. LARRY HILL suggested the Department of Revenue to make a finding to determine the project is farm worker housing so the lender can grant the tax credit.

226 DICK YATES commented that it is Labor and Industry and not the DOR that will certify the farm worker housing facility.

231 SEN. LARRY HILL responded that the application for credit will be made to the DOR.

234 Discussion follows regarding the transfer of a loan.

275 CHARLIE HARRIS presented prepared testimony. EXHIBIT 13

287 SEN. MCCOY asked how many people have taken advantage of the farm worker tax credit.

290 DICK YATES responded that no one has taken advantage of the tax credit. EXHIBIT 14

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WORK SESSION - HB 2164A

300 REP. MCTEAGUE read and discussed prepared testimony. Reference is made to clergy paying the Tri-Met self-employment tax . EXHIBIT 15
360 REP. MCTEAGUE presented proposed amendments HB 2164-A21 which address the concern of the clergy paying the self-employment tax. EXHIBIT 16
370 RICHARD FEENY discussed the historical background of the selfemployment tax which is a reconnect issue.
372 JIM BROWN responded the DOR changed the way the self-employment tax was administered in 1985 after the Federal guidelines were changed.
375 SEN. SMITH asked if churches have to pay payroll taxes on ministers if the HB 2164-A21 amendments are adopted.
378 RICHARD FEENY responded that churches are exempt from paying the payroll tax on any employee but the anomaly is self-employed people are taxed regardless of their line of work but because of the social security statutes, ministers who receive salaries are taxed because of meeting the definition of self employment.
TAPE 192 SIDE A
011 ELLEN LOWE presented and discussed prepared testimony. EXHIBIT 17
027 RICHARD FEENY presented and discussed prepared testimony regarding HB 216 4A. EXHIBIT 18
065 RICHARD FEENY discussed proposed amendments HB 2164-A21 explaining the hand engrossed changes. EXHIBIT 16
086 CHAIR CEASE pointed out HB 2164-A21 will need to be cleaned up and brought before the committee on another day. EXHIBIT 16
108 ROBERT SHATZEN read prepared testimony. EXHIBIT 19
150 ROBERT SHATZEN presented suggested changes to HB 2164. EXHIBIT 20
170 JIM BROWN explained the DOR has no problem with the suggested changer in EXHIBIT 20.
185 Proposed amendments to HB 2164 from the Department of Justice were submitted. EXHIBIT 21
196 PAM HODGE read prepared testimony from Sen. Cohen. EXHIBIT 22
255 PAM HODGE presented HB 2164-A L9 amendments. EXHIBIT 23
260 JIM BROWN testified that the DOR feel the HB 2164-A19 amendments are consistent with federal law and are a reasonable request.

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268 RALPH GROENER questioned the affordability of paying for public services through indexing. There is a permanent loss of revenue, the state is phasing down property tax with the passage of HB 2550 and the amount of revenue loss because of the reconnect and indexing is in the 100 millions.
342 RALPH GROENER continued expressing concern in the passage of HB 2164 without a revenue replacement established.
406 SEN. GOLD noted what was done in HB 2550 with regard to agricultural and timber lands.
418 RALPH GROENER addressed the agriculture industry in relation to HB 255 0. Reference was made to raising the income on hobby farms.
445 SEN. SMITH asked what AFSCME wanted done with HB 2164.
455 RALPH GROENER responded to hold the indexing portion of HB 2164 until special session.
TAPE 191 SIDE

B

035 CHAIR CEASE conducted administrative business and adjourned the meeting at 4:06.

Mary Ann Zimmermann, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. National Marrow Donor Program Packet, Dave Frohnmayer, 6/10/91 - SB 813A
2. SB 813-A2 Description, LRO, 6/10/91 - SB 813A
3. Proposed Amendments SB 813-A2 (LC 1286), 5/9/91 - SB 813A
4. Written Testimony, Terrie Heer, 6/10/91 - SB 95
5. Proposed Amendments SB 95-1 (LC 922), 6/7/91 - SB 95
6. SB 95 Description, LRO, 6/10/91 - SB 95
7. Written Testimony, Ida Harris, 6/10/91 - SB 828
8. Written Testimony, Sen. Mae Yih, 6/10/91 - SB 828
9. Proposed Amendments SB 828-1 (LC 2238), 5/10/91 - SB 828
10. Proposed Amendments SB 828-2 (LC 2238), 6/10/91 - SB 828
11. SB 828 Description, LRO, 6/10/91 - SB 828
12. Written Testimony, Sen. Larry Hill, 6/10/91 - SB 857
13. Written Testimony, CASA of Oregon, 6/10/91 - SB 857
14. SB 857A Description, LRO, 6/10/91 - SB 857
15. Written Testimony, Rep. Dave McTeague, 6/10/91 - HB 2164A

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EXHIBIT SUMMARY CONTINUED

16. Proposed Amendments HB 2164-A21 Corrected Version 2 (LC 985-3), 6/7/91 - HB 2164A
17. Written Testimony, Ellen Lowe, 6/10/91 - HB 2164A
18. Written Testimony, Richard Feeny, 6/10/91 - HB 2164A
19. Written Testimony, Robert Shatzen, 6/10/91 - HB 2164A
20. Written Testimony, Robert Shatzen, 6/10/91 - HB 2164A
21. Proposed Amendments HB 2164A, Department of Justice, 6/7/91 - HB 216 4A
22. Written Testimony, Sen. Joyce Cohen, 6/10/91 - HB 2164A
23. Proposed Amendments HB 2164-A19 (LC 985-3), 5/16/91 - HB 2164A
24. Correspondence from House Revenue and School Finance Committee, 6/10/91 - HB 2164A
25. Correspondence from Sen. Dave McTeague, 6/6/91 - HB 2164A
26. Fiscal Analysis, LFO, 1/31/91 - SB 95
27. Fiscal Analysis, LFO, 4/15/91 - SB 813
28. Written Testimony, Department of Energy, 6/10/91 - SB 95
29. School Fund Formula Simulation Run #17, 6/9/91 - SB 814

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