

Tapes 203-204, (A\B)

Public Hearing: HB 2352A

Work Session: HB 2352A

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

June 14, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Joan Dukes, Vice Chair

Senator John Brennehan (arrived 1:21)

Senator Shirley Gold (arrived 1:35)

Senator Ron Grensky

Senator Bill McCoy

Senator Tricia Smith

Members Excused: Senator Jane Cease, Chair

Staff Present: Dick Yates, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Parks Walker, Oregon Council of Federally Related Organizations (OCOFRO)

Ed Hughes, OCOFRO

Ken Avery, National Association of Retired Federal Employees (NARFE)

Chuck Fredrickson, Retired Employee

Jack Sollis, Oregon PERS Retirees'

LeLand Jensen, Association of Retired Oregon State Employees (AROSE)

Beulah Hand, (NARFE)

TAPE 203 SIDE A

004 VICE-CHAIR DUKES called the meeting to order at 1:20 and conducted administrative business.

PUBLIC HEARING HB

235 2A

008 DICK YATES presented an overview of HB 2352A. In March 1989 a Supreme Court ruling made Oregon's statute unconstitutional with regard to taxing federal retirees. In 1989 the Oregon Legislature passed HB 3508 which was referred but defeated in the November election.

032 DICK YATES referred to the Ragsdale case before the Oregon tax court. The court decided that the federal retirees could not be taxed more heavily than other retirees.

044 DICK YATES explained HB 2352A taxes all pension income. Discussion follows regarding the tax credit for retirees.

These minutes paraphrase end/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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098 DICK YATES referred to and discussed the revenue analysis of HB 2352A. Reference is made to medical expense deductions, and also a modification of the elderly rental assistance program was addressed. EXHIBIT 1

216 PARKS WALKER presented written testimony from Ted Demezas. EXHIBIT 2

334 PARKS WALKER made reference to a letter from Frank Josselson during the written testimony from Ted Demezas. EXHIBIT 3

355 ED HUGHES presented proposed HB 2352-A14 amendments. Discussion follows regarding the spendable income of the widows of federal retirees. The amendment would change the \$7500 to \$10000 in Line 3, EXHIBIT 4. -

395 ED HUGHES discussed the proposed amendment dealing with indexing. EXHIBIT 4.

405 ED HUGHES discussed rolling the social security figure found in the federal tax form 1040 into the formula in HB 2352A.

TAPE 204 SIDE

A

024 CHUCK FREDRICKSON read prepared testimony in opposition to HB 2352A.

EXHIBIT 5

067 SEN. GRENSKY asked what Mr. Fredrickson suggested be done with the retirees since the U.S. Supreme Court has ruled the Oregon policy as unconstitutional.

076 CHUCK FREDRICKSON responded the Supreme Court indicated both the federal and state retirees must be treated equally, but did not indicate it was unlawful for Oregon to increase benefits in such a way that there would be no sever financial impact on those individuals drawing retirement.

080 SEN. GRENSKY clarified the suggestion to tax and give the increased benefits to pay for the tax. Discussion follows.

105 JACK SOLLIS referred to the Supreme Court decision of Davis vs Michigan to tax public retirees benefits. Public employees retired with the assumption that they would not be taxed and HB 2352A changes that.

128 JACK SOLLIS presented and discussed a packet on pension income. EXHIBIT 6

153 JACK SOLLIS discussed addressing the issue of low income retirees in a separate bill than HB 2352A. Discussion and questions follow and reference is made to EXHIBIT 6.

185 JACK SOLLIS questioned the "tax liability" issue. -

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203 JACK SOLLIS commented on the complexity of the issue and suggested the simple idea of a tax credit based on the tax owed. HB 2352A and SB 656 should be tabled.

260 LELAND JENSEN read prepared testimony in opposition to HB 2352A.

EXHIBIT 7

388 BEULAH HAND suggested the Governor should establish a committee to address the issue of taxing federal retirees over the interim. HB 2352 or SB 656 should not be passed.

TAPE 203 SIDE B

044 Discussion follows regarding the suffering of single or widowed retirees unless HB 2352A is amended.

050 SEN. MCCOY asked what the committee should do with HB 2352A.

056 BEULAH HAND recommended doing nothing with HB 2352A or SB 656 because it would be cheaper to exempt the federal retirees for two years which would happen if nothing is done. During the two years the Governor could appoint a committee to come up with alternative solution. It was noted that Mrs. Hand supports the HB 2352-A14 amendments. EXHIBIT 4

071 SEN. BRENNEMAN questioned the two year exemption for federal employees.

075 Discussion follows regarding the suggested amendments. EXHIBIT 4

084 VICE-CHAIR DUKES Conducted administrative business and adjourned the meeting at 2:22.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Revenue Analysis, LRO, 5/23/91 - HB 2352A
2. Written Testimony, Parks Walker, 6/14/91 - HB 2352A
3. Written Testimony, Parks Walker, 6/14/91 - HB 2352A
4. Proposed Amendments HB 2352-A14 (LC 1943), 6/6/91 - HB 2352A
5. Written Testimony, Chuck Fredrickson, 6/14/91 - HB 2352A

6. Tax on Pension Income Packet, Jack Sollis, 6/14/91 - HB 2352A
7. Written Testimony, Leland Jensen, 6/14/91 - HB 2352A
8. Written Testimony, Robert Madsen, 6/14/91 - HB 2352A
9. Written Testimony, Marjorie Ragsdale, 6/14/91 - HB 2352A
10. Staff Measure Summary, LRO, 6/14/91 - HB 2352A
11. Fiscal Analysis, LFO, 5/24/91 - HB 2352A

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