

## HOUSE INTERIM COMMITTEE ON REVENUE

December 11, 2012  
08:00 A.M.

Hearing Room A  
ID# 8954

**MEMBERS PRESENT:** Co-Chair, Rep. Barnhart  
Co-Chair, Rep. Berger  
Co-Vice Chair, Rep. Eyre Brewer  
Rep. Bentz  
Rep. Gelser  
Rep. Read  
Rep. Wand

**MEMBERS EXCUSED** Co-Vice Chair, Rep. Bailey

**STAFF PRESENT:** Paul Warner, Legislative Revenue Officer  
Corinne Gavette, Office Manager  
Mazen Malik, Sr. Economist  
Chris Allanach, Sr. Economist  
Christine Broniak, Economist

**ISSUES HEARD:** DOR – Core Systems Replacement project Update  
Potential Federal Tax Base Connection Issues  
Taxation and Oregon’s Interstate Competitiveness  
Central Assessment and Communication Companies  
Update and Status of Local School Property Tax Option  
Corporate Income Tax: update on Legal Issues  
LC Drafts proposed for Introduction

**WITNESSES:** Jim Bucholz, Director Dept of Revenue  
Eric H. Smith, Dept of Revenue  
Ken Ross, Dept of Revenue  
Brian Reeder, Dept of Education

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### **HREV**

12/11/2012 8:07:09 AM

**8:07:20 AM** Meeting Called to Order by Co-Chair Berger  
**8:07:37 AM** Paul Warner  
**8:07:50 AM** Co-Chair Berger  
**8:08:14 AM** Jim Bucholz, Director Dept of Revenue  
**8:09:29 AM** 8:00 to 8:30: Core Systems Replacement Project Update

8:10:40 AM Eric H. Smith, Dept of Revenue  
8:11:33 AM {Exhibit} A: DOR Core Systems Replacement proj update  
8:11:47 AM {Exhibit} B: DOR slide presentation  
8:12:55 AM {Exhibit} C: DOR Letter on Core Systems repl proj update  
8:15:00 AM Co-Vice Chair Brewer  
8:16:19 AM Jim Bucholz  
8:21:35 AM Co-Vice Chair Brewer  
8:22:25 AM Jim Bucholz  
8:22:49 AM Eric H. Smith  
8:23:33 AM Co-Chair Berger  
8:26:42 AM Rep. Bentz  
8:27:23 AM Eric H. Smith  
8:27:42 AM Rep. Bentz  
8:27:50 AM Eric H. Smith  
8:28:05 AM Rep. Bentz  
8:28:17 AM Eric H. Smith  
8:28:44 AM Co-Chair Barnhart  
8:31:29 AM Co-Chair Berger  
8:31:49 AM Mazen Malik  
8:31:57 AM 8:30 to 9:00: Potential Federal Tax Base Connection Issues  
8:32:16 AM Chris Allanach  
8:32:35 AM Co-Chair Berger  
8:32:36 AM Chris Allanach  
8:32:56 AM {Exhibit} D: Impact of Current Federal Tax Law chart  
8:35:18 AM Co-Chair Berger  
8:35:41 AM Chris Allanach  
8:35:43 AM Co-Chair Berger  
8:35:52 AM Chris Allanach  
8:36:06 AM Co-Chair Berger  
8:36:07 AM Chris Allanach  
8:39:17 AM Co-Vice Chair Brewer  
8:39:37 AM Chris Allanach  
8:40:14 AM Co-Vice Chair Brewer  
8:40:38 AM Chris Allanach  
8:40:41 AM Co-Vice Chair Brewer  
8:40:43 AM Chris Allanach  
8:41:24 AM Co-Chair Berger  
8:41:33 AM Chris Allanach  
8:42:01 AM Co-Chair Berger  
8:42:08 AM Chris Allanach  
8:44:51 AM Co-Chair Barnhart  
8:45:29 AM Chris Allanach  
8:45:31 AM Co-Chair Barnhart  
8:46:32 AM Chris Allanach  
8:46:43 AM Chris Allanach  
8:47:21 AM Co-Chair Barnhart

8:47:37 AM Chris Allanach  
8:47:40 AM Co-Chair Barnhart  
8:47:42 AM Chris Allanach  
8:48:55 AM Co-Chair Barnhart  
8:48:59 AM Chris Allanach  
8:49:46 AM Co-Chair Barnhart  
8:49:49 AM Chris Allanach  
8:53:27 AM Co-Chair Barnhart  
8:54:18 AM Chris Allanach  
8:54:34 AM Co-Chair Barnhart  
8:54:37 AM Chris Allanach  
8:54:41 AM Co-Vice Chair Brewer  
8:55:36 AM Co-Vice Chair Brewer  
8:55:38 AM Chris Allanach  
8:55:39 AM Co-Vice Chair Brewer  
8:56:21 AM Co-Chair Berger  
8:57:06 AM Chris Allanach  
8:57:09 AM Co-Chair Berger  
8:57:43 AM Ken Ross, DOR  
8:58:42 AM Co-Chair Berger  
8:58:55 AM 9:00 to 9:30: Taxation and Oregon's Interstate Competitiveness  
8:59:09 AM Paul Warner  
8:59:56 AM {Exhibit} E: Taxation and Oregon's Interstate Competitiveness (RR #6-12)  
9:07:14 AM Co-Chair Barnhart  
9:07:21 AM Paul Warner  
9:07:59 AM Co-Chair Barnhart  
9:08:10 AM Paul Warner  
9:10:30 AM Co-Chair Berger  
9:10:31 AM Paul Warner  
9:11:13 AM Co-Vice Chair Brewer  
9:11:51 AM Chris Allanach  
9:13:10 AM Paul Warner  
9:13:26 AM Co-Chair Barnhart  
9:13:55 AM Chris Allanach  
9:14:05 AM Paul Warner  
9:14:14 AM Co-Chair Barnhart  
9:14:16 AM Paul Warner  
9:20:13 AM Co-Chair Barnhart  
9:20:42 AM Paul Warner  
9:21:01 AM Co-Chair Berger  
9:21:03 AM Co-Chair Barnhart  
9:21:15 AM Paul Warner  
9:23:37 AM Co-Vice Chair Brewer  
9:23:50 AM Paul Warner  
9:24:11 AM Co-Vice Chair Brewer  
9:24:28 AM Paul Warner

9:27:24 AM Co-Chair Berger  
9:27:27 AM Co-Vice Chair Brewer  
9:28:15 AM Co-Chair Berger  
9:28:19 AM Paul Warner  
9:29:20 AM Co-Vice Chair Brewer  
9:29:21 AM Co-Chair Berger  
9:29:29 AM Co-Chair Barnhart  
9:30:08 AM Paul Warner  
9:30:09 AM Co-Chair Berger  
9:30:46 AM 9:30 to 10:00: Central Assessment and Communication Companies  
9:31:11 AM Christine Broniak  
9:32:11 AM Scott Nelson, Policy Advisor to the Governor  
9:35:41 AM Co-Chair Berger  
9:35:57 AM Co-Chair Barnhart  
9:36:08 AM Co-Chair Berger  
9:36:39 AM Scott Nelson  
9:36:44 AM Co-Chair Berger  
9:36:55 AM Meeting recessed  
9:37:03 AM Recording Paused  
9:49:57 AM Recording Resumed  
9:50:05 AM Meeting reconvened  
9:50:12 AM Co-Chair Berger  
9:50:22 AM 10:00 to 10:30: Update and Status of Local School Property Tax Option  
9:50:48 AM Brian Reeder, Dept of Ed  
9:53:34 AM {Exhibit} F: Local Option Property Taxes  
9:58:41 AM Brian Reeder  
9:59:05 AM Co-Vice Chair Brewer  
10:00:11 AM Brian Reeder  
10:02:00 AM Co-Chair Berger  
10:02:07 AM Brian Reeder  
10:02:10 AM Co-Chair Berger  
10:02:22 AM Brian Reeder  
10:02:33 AM Co-Chair Berger  
10:02:36 AM Brian Reeder  
10:04:05 AM Rep. Gelser  
10:04:30 AM Brian Reeder  
10:05:11 AM Rep. Gelser  
10:05:39 AM Brian Reeder  
10:05:42 AM Rep. Gelser  
10:06:06 AM Brian Reeder  
10:06:12 AM Co-Chair Berger  
10:06:21 AM Paul Warner  
10:07:13 AM Rep. Gelser  
10:07:17 AM Paul Warner  
10:07:29 AM Co-Chair Berger  
10:07:32 AM Co-Chair Barnhart

**10:07:54 AM** Paul Warner  
**10:08:21 AM** Co-Chair Barnhart  
**10:08:28 AM** Paul Warner  
**10:08:42 AM** Co-Chair Barnhart  
**10:08:43 AM** Paul Warner  
**10:09:24 AM** Brian Reeder  
**10:12:49 AM** Co-Chair Berger  
**10:13:00 AM** Brian Reeder  
**10:13:04 AM** Co-Chair Berger  
**10:13:08 AM** Brian Reeder  
**10:16:35 AM** Co-Chair Berger  
**10:16:40 AM** Rep. Gelser  
**10:17:30 AM** Co-Chair Barnhart  
**10:19:26 AM** Co-Chair Berger  
**10:21:00 AM** Brian Reeder  
**10:21:04 AM** Co-Chair Berger  
**10:21:23 AM** 10:30 to 10:45: Corporate Income Tax: Update on Legal Issues  
**10:21:42 AM** Ken Ross  
**10:26:47 AM** Co-Vice Chair Brewer  
**10:27:13 AM** Kate Tosswill, Deputy Legislative Counsel  
**10:29:58 AM** Co-Vice Chair Brewer  
**10:31:06 AM** Kate Tosswill  
**10:31:49 AM** Co-Chair Berger  
**10:32:29 AM** Co-Vice Chair Brewer  
**10:32:58 AM** Co-Chair Berger  
**10:33:11 AM** Co-Vice Chair Brewer  
**10:33:13 AM** Co-Chair Berger  
**10:33:18 AM** Co-Chair Barnhart  
**10:33:49 AM** Kate Tosswill  
**10:35:21 AM** Co-Chair Barnhart  
**10:35:56 AM** Kate Tosswill  
**10:37:01 AM** Co-Chair Barnhart  
**10:37:06 AM** Co-Chair Berger  
**10:37:47 AM** 10:45: Work Session: Committee Bill Introduction - (No paper copies of LC Drafts will be provided. They will be available on the Committee Web page, at: <http://www.leg.state.or.us/committees/> prior to the meeting.) Also, additional LC Drafts may be added to Committee webpage without an agenda  
**10:38:22 AM** {Exhibit} G: List of LC Drafts for Introduction  
**10:38:24 AM** MOTION: LC's 0266-1238  
**10:38:28 AM** Co-Chair Barnhart  
**10:39:09 AM** Co-Chair Berger  
**10:39:59 AM** MOTION: To introduce LC's 1241-1342 (See exhibit G) Passed Unanimously  
**10:40:00 AM** Co-Chair Barnhart  
**10:40:01 AM** Co-Chair Berger

**10:40:37 AM** Co-Chair Barnhart  
**10:40:59 AM** Co-Chair Berger  
**10:41:32 AM** MOTION: To Introduce LC 1554  
**10:41:33 AM** Co-Chair Barnhart  
**10:42:07 AM** Co-Chair Berger  
**10:42:24 AM** VOTE: Unanimous  
**10:42:26 AM** MOTION: To introduce LC's 1555-2727  
**10:42:28 AM** Co-Chair Barnhart  
**10:43:21 AM** Co-Chair Berger  
**10:44:05 AM** VOTE: Unanimous  
**10:44:24 AM** Closes Work Session  
**10:44:43 AM** Co-Chair Barnhart  
**10:44:56 AM** Paul Warner  
**10:46:32 AM** Co-Chair Barnhart  
**10:47:26 AM** Co-Chair Berger  
**10:47:27 AM** Meeting Adjourned

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## **EXHIBITS**

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**8:11:33 AM** {Exhibit} A: DOR Core Systems Replacement proj update  
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**10:38:22 AM** {Exhibit} G: List of LC Drafts for Introduction