

HOUSE BILL REPORT

HJM 4010

As Reported by House Committee On:

Finance

Brief Description: Requesting fair tax treatment of Washington residents working in Oregon.

Sponsors: Representatives Dunn, Fromhold, Pennington, Ogden, Hatfield, Mielke, Boldt and Grant.

Brief History:

Committee Activity:

Finance: 3/1/01, 3/7/01 [DPS].

Brief Summary of Substitute Bill

- Requests Oregon to reduce income tax paid by Washington residents to a level commensurate with services received.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cairnes, Republican Co-Chair; Morris, Democratic Co-Chair; Berkey, Democratic Vice Chair; Roach, Republican Vice Chair; Carrell, Conway, Pennington, Santos, Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Background:

Oregon imposes a personal income tax to finance state government. Personal income taxes make up about 85 percent of Oregon's general fund.

Oregon's income tax applies to all the income of residents. Oregon also taxes nonresidents on income from Oregon sources. For the 1998 tax year, Washington residents filed 79,461 Oregon income tax returns. They paid an average of \$1,655 in Oregon personal income tax. Washington residents paid a total of \$130 million in Oregon personal income tax. This represented 3.8 percent of all Oregon personal income taxes.

Summary of Substitute Bill:

The Oregon Legislature is asked to reduce income taxes on Washington residents to a level commensurate with the services received by Washington residents, widen Interstate 5 on the Oregon side of the Columbia River, and meet with Washington legislators at the annual meeting of the Pacific Northwest Economic Region. Oregon is reminded that Clark County residents rejected the Portland - Vancouver light rail plan by over 70 percent.

Substitute Bill Compared to Original Bill:

The substitute bill adds the request to widen Interstate 5, the meeting of Washington and Oregon legislators at the Pacific Northwest Economic Region, and the reminder about the rejection of the Portland - Vancouver light rail plan by voters.

Appropriation: None.**Fiscal Note:** Not Requested.

Testimony For: We need to support our citizens' right to pay taxes only for those services they receive. Washington residents are taxed at the same rate as Oregon residents. A Washington couple, one spouse working in Washington and one in Oregon, pay more tax than a similar couple that lives and works in Oregon. Oregon taxes are paying for schools and other services that Washington residents cannot use. The Legislature should be concerned for citizens whose constitutional rights are being violated. The first and fifth amendments of the constitution are being violated.

Testimony Against: None.

Testified: Representative Dunn, prime sponsor; Larry Brown, Citizens at Large; and Joel Stone, International Brotherhood of Electrical Workers.