



CAPITOL COMMENTS

State Legislative Bulletin of the Oregon Bankers Association

February 7, 2007

House Republican Caucus Unveils “Oregon Stability & Investment Plan” Supporting Repeal of Corporate Kicker to Create “Rainy Day” Fund

Last Friday, House Republican Leader Wayne Scott, surrounded by several of his fellow House Republicans, announced their Oregon Stability and Investment Plan (OSIP). OSIP consists of five parts:

1. The plan would suspend this biennium’s corporate kicker from all c-corporations with taxable income greater than \$500,000. In other words, just over 900 corporations - or approximately 9% of corporations paying Oregon corporate excise tax - would involuntarily contribute. This contribution, which is proposed to reach almost \$240 million, would jumpstart the new rainy day fund. Republicans tout that under their plan the kicker would be returned to almost 11,000 corporations. However, many of the smallest Oregon banks fall in the top 900 corporations whose kicker will be retained.
2. The republican plan also suggests a referral to Oregon voters in 2008 seeking approval for a permanent diversion of the corporate kicker into the rainy fund.
3. In addition, OSIP restructures Oregon’s corporate minimum tax, which has not changed since 1931. Attached to this *Capitol Comments* is a chart listing OSIP’s proposal showing the increased minimums.
4. The last two items on the list are long-time republican goals for tax reform. One would reduce the capital gains tax for individuals from 9% to 7% and for corporations from 6.6% to 5%.
5. Lastly, the plan would increase the exemption for taxable estates from \$1 million to \$2 million.

Speaker Jeff Merkley, responding to the republican’s proposal, indicated that both sides have now put plans on the table and the two parties can begin negotiating a bi-partisan agreement.

OBA Bankers Meet with Senate Revenue Committee Members

Related to the corporate kicker issue, OBA Chairman-Elect Rich Brown of Bank of America, ICBO President Craig Ortega of Columbia River Bank, Citizens Bank CEO Bill Humphreys, OBA President Linda Navarro, and OBA lobbyists Dave Barrows, Tom Barrows and Tim Martinez met with two key democrat members of the Senate Revenue Committee, including Chairman Ryan Deckert on Monday of this week. While both Chair Deckert and his colleague

Senator Rod Monroe were cordial to our delegation, they made it very clear that they were committed to retaining this biennium's corporate kicker.

During the meeting, Chair Deckert stated that we were the first business group to approach him in opposition to giving up the 2007 kicker, which was the direction of the OBA board. OBA's argument centers around the fact that the current kicker has been anticipated for almost a year now, and we should instead be open to the best tax structure and financing options for our state's future.

Chair Deckert said that many business groups, including the Software Association of Oregon, Associated Oregon Industries, the Oregon Business Association, National Federation of Independent Business and others, have indicated a willingness to give up the corporate kicker on a one-time basis to start funding a rainy day account. Both Senators expressed their belief that the Senate will soon pass legislation to keep the corporate kicker. If they decide to not only keep this biennium's kicker, but also future kickers, the legislature will need to propose an amendment to Oregon's constitution. It is possible they could send this to the ballot as early as May 2007.

Oregon bankers should also be aware that the third democrat member of the Senate Revenue Committee, Senator Ginny Burdick, recently met with the OBA Executive Committee. While Senator Burdick is sympathetic to our concerns and understands a bank's unique ability to leverage kicker credits many times over in their communities, she also believes the rainy day fund will be funded initially with 2007 corporate kicker dollars. Currently, the Oregon Senate is made up of 18 democrats, 11 republicans and one independent.

OBA will continue to be pro-active in advocating our industry's interests in this and other key tax measures before the Oregon Legislature.

Status of OBA-Sponsored Legislation

The Senate Commerce Committee will hold a hearing on the OBA identity theft bill, SB 447, Monday February 12, 2007. SB 447, introduced at the request of the Oregon Bankers Association, relates to identity theft and makes it a crime to steal and use the identity of a deceased person. The bill also broadens the definition of "personal identification" to include any account information an individual may have at a trust company. The bill will be heard along with other identity theft bills supported by the Association that have been introduced by groups such as the Regional Economic Crime Investigation Center.

Consumer Protection Legislation

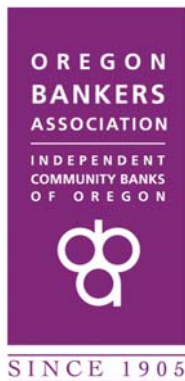
The House Consumer Protection Committee has approved several bills that aim to reduce predatory lending in Oregon. House bills 2202, 2203, 2204 and 2205 each target different sectors of the non-traditional lending outlets in the state. Effects of the bills, if passed, will include caps on fees charged by check-cashing outlets, limits on the amount of interest charged on car title loans, improves licensing requirements for payday lenders and check cashing facilities, and closes loopholes for out-of-state and internet payday lenders. OBA is pleased to report that banks are to be exempted from these proposals. The status of these bills may be tracked through OBA's bill-tracking system, BillTrackOR: www.billtrackor.com. Instructions for accessing this system are attached.

Bankers' Day at the Capitol

Mark your calendar to join bankers from across the state, gathering at the state Capitol in Salem on Thursday, April 5, 2007, to communicate with lawmakers about the important leadership and service roles Oregon banks play in their communities. A registration form is attached. Don't miss this important advocacy event for the Oregon banking community!

Thought for the Week

“Opportunity is missed by most people because it is dressed in overalls and looks like work.”
– *Thomas A. Edison (1847-1931)*



2007 Political Contact Survey

Tell us who you know!

On difficult issues, elected officials respond best to constituents and friends. In order to tap our hidden reservoir of influence, the OBA must identify bankers who have personal and/or professional relationships with state and federal public officials.

Please take time to complete this form and return it to the OBA by fax (503-581-8714), email (ayoung@oregonbankers.com) or mail (OBA, PO Box13429, Salem, OR 97309).

Your name: _____

Bank: _____

Address: _____

Phone: _____ Email: _____

Please provide names of Oregon elected officials with whom you are acquainted. Check the appropriate boxes for your relationship to the individual:

Elected Official's Name: _____

- Friend Professional Acquaintance Contributor Campaign Worker
 Other _____

Elected Official's Name: _____

- Friend Professional Acquaintance Contributor Campaign Worker
 Other _____

Elected Official's Name: _____

- Friend Professional Acquaintance Contributor Campaign Worker
 Other _____

Additional Comments (business partner, relative, member of church, etc.):

*Please Join Your
Fellow Oregon Bankers For...*

BANKERS' DAY

At the Capitol

Thursday, April 5, 2007



Oregon bankers from across the state will gather at the State Capitol in Salem to engage in a dialogue with lawmakers about the important leadership and service roles Oregon banks play in their local communities, as well as the current policy issues facing the financial services industry. Don't miss this important advocacy event for the Oregon banking community!

Tentative Schedule at a Glance:

7:30 - 8:00 am	Check-In at the Capitol Room 50 (ground floor) - Coffee Served
8:00 - Noon	Overview of Schedule & Key Issues Comments from Legislative Leadership Observe Floor Session
Noon	Box Lunches Available
12:30 - 3:30 pm	Individual Meetings with Legislators (appointments made by OBA) Observe Committee Hearings as Schedule Permits
3:30 pm	Optional Tour of the Capitol
5:00 - 7:00 pm	Legislative Reception Salem Conference Center, 200 Commercial Street SE - 2 nd Level

REGISTRATION FORM (fax to OBA at 503-581-8714 or mail to OBA, PO Box 13429, Salem, OR 97309)

NAME _____ TITLE _____

BANK _____ EMAIL _____

ADDRESS _____ PHONE _____

The OBA will be making afternoon appointments with all available Oregon legislators.
Would you like to meet with any specific legislators on Bankers' Day?

Questions? Contact the OBA staff at 503-581-3522 or e-mail ayoung@oregonbankers.com



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