

House Bill 2165

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires goal statement, including administration plan, for measures that create or renew tax expenditures or provide connection to tax expenditures provided in federal law. Describes required content of statement.

Applies to measures introduced on or after effective date of Act.

Mandates sunset provision for tax expenditures that are enacted by Legislative Assembly after January 1, 2015. Provides exception for provisions required under federal law or Oregon Constitution.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to tax expenditures; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section and section 2 of this 2015 Act:

(a) **"Administering agency"** means a state agency, other than the Department of Revenue, that possesses statutory authority for certifying, administering or enforcing an existing tax expenditure program.

(b) **"Goal statement"** means the statement described in subsection (3) of this section.

(c) **"Program"** means a program that administers a tax expenditure.

(d) **"Tax expenditure"** has the meaning given that term in ORS 291.201.

(2) **Committees of the Legislative Assembly shall review a goal statement for each measure that creates or renews a tax expenditure or provides a connection to a tax expenditure provided in federal law and that is reported out of the committee. The goal statement must demonstrate how the tax expenditure achieves policy goals of this state and shall address any amendments adopted by the committee. Absent other direction from the committee, the goal statement shall be submitted by:**

(a) **In the case of an existing tax expenditure:**

(A) **The administering agency; or**

(B) **The Department of Revenue, if no other agency is provided in statute; or**

(b) **In the case of a proposed tax expenditure, a proponent of the measure.**

(3) **The goal statement must:**

(a) **Describe the problem targeted by the program and the desired outcomes of the program. The outcomes must be measurable.**

(b) **Demonstrate how use of the program would be more efficient than alternative approaches to solving the same problem, such as direct spending, regulation or other programs.**

(c) **Demonstrate, for each of the next three biennia, how the public benefits of the program would outweigh its financial costs.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (d) Demonstrate that the program is unlikely to create incentives for negative behavior
2 or for behavior that would occur without the program being in place.

3 (e) Provide demographic data about intended program applicants and beneficiaries and
4 information about potential impact of the program on organizations, industries and ge-
5 ographic areas.

6 (f) Provide any other information that would tend to support the design, scale and scope
7 of the program, such as research results or descriptions of prior experience.

8 (4) The goal statement must include an administration plan providing the following in-
9 formation about the program:

10 (a) Definition of administrative roles and duties.

11 (b) Methods for ensuring transparency in conformity with ORS 184.480 to 184.488 and for
12 annual reporting of results of the program.

13 (c) Application standards.

14 (d) Provisions for recapture of taxes if taxpayers do not adhere to program standards.

15 (e) Enforcement provisions.

16 (f) Plans for achieving participation rates by intended population.

17 (g) Safeguards against fraud and mismanagement.

18 **SECTION 2.** (1) Any tax expenditure enacted by the Legislative Assembly on or after
19 January 1, 2015, shall apply for a maximum of six tax years beginning with the initial tax
20 year for which the tax expenditure is applicable, unless the Legislative Assembly expressly
21 provides for another period of applicability.

22 (2) This section does not apply to any law that is required:

23 (a) Under the United States Constitution, the Oregon Constitution or federal law; or

24 (b) To avoid double or multiple incidents of taxation.

25 **SECTION 3.** Section 1 of this 2015 Act applies to measures introduced on or after the
26 effective date of this 2015 Act.

27 **SECTION 4.** This 2015 Act takes effect on the 91st day after the date on which the 2015
28 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

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