

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have fiscal impact, statement not yet issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Revenue
Vote:	4 - 0 - 1
Yeas:	Beyer, Girod, Thatcher, Riley
Nays:	0
Exc.:	Edwards C.
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	4/26

WHAT THE MEASURE DOES: Directs the Secretary of State to conduct performance and program audits on entities that are administrator of tax expenditures. Requires the Secretary of State to adopt rules establishing criteria for the auditing of tax expenditures.

ISSUES DISCUSSED:

- Referral to Committee on Revenue

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Audits Division of the Secretary of State, established in 1929, is responsible for carrying out the duties of the Secretary of State as the constitutional Auditor of Public Accounts. The Division performs financial and compliance audits of all components of state government and state-aided institutions in accordance with generally accepted accounting principles to determine whether they are conducting their financial operations properly. The division also does performance audits of state programs to determine whether they are conducted economically, effectively and efficiently. The Division also performs special studies and investigations in response to allegations of misuse of state resources or inefficient management practices.

The Audits Division currently administers performance and program audits on departments, boards, commissions, institutions, and state-aided institutions and agencies. House Bill 2001 would expand the responsibility for performance and program audits to include auditing of tax expenditures and the entities that administer them. ORS 291.201 defines "tax expenditure" as any state or federal law that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes, including but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates and tax credits.