

A-Engrossed
House Bill 2530

Ordered by the House May 21
Including House Amendments dated May 21

Sponsored by Representatives JENSON, BURLEY, ESQUIVEL, BERGER, BRUUN, Senators SCHRADER, MORSE, DECKERT, WESTLUND

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.

[Reduces personal income tax rates, including rates imposed on capital gains. Increases state earned income tax credit and makes earned income tax credit refundable permanently.]

[Increases threshold level of estates of decedents that are not subject to Oregon inheritance tax.]

[Establishes principal residence property tax exemption for homesteads of seniors or persons with household income below threshold level. Increases elderly rental assistance program.]

[Enacts uniform sales and use tax administration provisions. Directs Department of Revenue to enter into Streamlined Sales and Use Tax Agreement. Imposes sales tax on sales of tangible personal property or services. Imposes use tax on use of tangible personal property purchased out-of-state.]

[Sales and use tax provisions become operative on January 1, 2008, and apply to transactions occurring on or after January 1, 2008, but do not become operative if Streamlined Sales and Use Tax Agreement is not executed prior to January 1, 2008.]

[Takes effect on 91st day following adjournment sine die.]

Creates Task Force on Comprehensive Revenue Restructuring consisting of 30 members. Directs task force to provide advice to Governor and Legislative Assembly regarding blueprint for comprehensive revenue restructuring for local and state government and to develop state plan for revenue and economic competitiveness.

Creates Oregon Revenue Advisory Council to provide technical analysis for task force and to make recommendations for consideration by task force.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to taxation; and declaring an emergency.

3 Whereas Oregon needs a revenue system that is stable, predictable and adequate; and

4 Whereas Oregon needs a revenue system that stimulates the economy to create and retain
5 family wage jobs; and

6 Whereas Oregon's financial support for critical services, including education, human services,
7 public safety and the judiciary is stressed; and

8 Whereas the cumulative impact from initiatives coupled with a highly volatile revenue system
9 has created the stress; and

10 Whereas Oregon's local units of government are experiencing a diminished ability to provide
11 services vital to the well-being of Oregonians; and

12 Whereas the decline of Oregon's public-land-dependent timber economy and the effects of that
13 decline are now finally being realized with the loss of federal rural payments; and

14 Whereas increases in property values are causing unsustainable increases in property taxes that
15 threaten the financial security of Oregon homeowners, owners of small businesses and farm owners;
16 and

17 Whereas Oregonians deserve a tax structure that is shared equitably by all for the benefit of

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 all; now, therefore,

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

3 **SECTION 1. (1) There is created the Task Force on Comprehensive Revenue Restruc-**
4 **turing consisting of 30 members.**

5 **(2) The task force shall consist of the following voting members:**

6 **(a) The Governor or the Governor's designated representative, who shall be chairperson**
7 **of the task force;**

8 **(b) Four members from the general public appointed by the Governor who shall represent**
9 **different geographic regions of Oregon;**

10 **(c) One member appointed by the Governor who is a representative of an Oregon-based**
11 **small business;**

12 **(d) One member appointed by the Governor who is a representative of an Oregon-based**
13 **large corporation;**

14 **(e) Two members appointed by the Governor who represent organized labor;**

15 **(f) Four members from among members of the House of Representatives appointed by**
16 **the Speaker of the House of Representatives; and**

17 **(g) Four members from among members of the Senate appointed by the President of the**
18 **Senate.**

19 **(3) The following members shall be nonvoting members of the task force:**

20 **(a) The State Treasurer or the State Treasurer's designated representative;**

21 **(b) Two members from Oregon's business trade associations appointed by the Governor;**

22 **(c) Two members from Oregon's labor associations appointed by the Governor;**

23 **(d) Two members from associations representing taxpayers appointed by the Governor;**

24 **(e) Two members from chambers of commerce appointed by the Governor;**

25 **(f) Two members from the League of Oregon Cities appointed by the Governor; and**

26 **(g) Two members from the Association of Oregon Counties appointed by the Governor.**

27 **(4) The task force shall:**

28 **(a) Provide advice to the Governor and the Legislative Assembly that may be used for**
29 **drafting legislation for pre-session filing, by means of a blueprint for comprehensive revenue**
30 **restructuring for local and state government. The blueprint shall provide a means for:**

31 **(A) Promoting a stable revenue flow to fund all levels of state and local government;**

32 **(B) Creating positive economic benefits for Oregon; and**

33 **(C) Creating a financial foundation that will increase Oregon's ability to compete in a**
34 **global economy.**

35 **(b) Develop a state plan for revenue and economic competitiveness. The plan shall include**
36 **policy and program recommendations to:**

37 **(A) Restructure the tax code to provide stable state, county and city funding;**

38 **(B) Promote agreements among cities, counties and the state regarding funding; and**

39 **(C) Stimulate economic growth in Oregon.**

40 **(5) A majority of the voting members of the task force constitutes a quorum for the**
41 **transaction of business.**

42 **(6) Official action by the task force requires the approval of a majority of the voting**
43 **members of the task force.**

44 **(7) The task force may adopt rules necessary for the operation of the task force.**

45 **(8) The task force may establish committees and delegate to the committees duties as**

1 the task force considers desirable.

2 (9) The Legislative Revenue Officer shall provide staff to the task force.

3 (10)(a) Members of the task force who are not members of the Legislative Assembly are
4 entitled to compensation and expenses incurred by them in the performance of their official
5 duties in the manner and amounts provided for in ORS 292.495. Claims for compensation and
6 expenses of these members of the task force shall be paid out of funds appropriated to the
7 Legislative Revenue Officer for that purpose.

8 (b) Claims for compensation and expenses of members of the task force who are public
9 officers shall be paid by the public bodies that employ the members.

10 (11) All agencies of state government, as defined in ORS 174.111, are directed to assist
11 the task force in the performance of its duties and, to the extent permitted by laws relating
12 to confidentiality, to furnish such information and advice as the members of the task force
13 consider necessary to perform their duties.

14 (12) The task force shall complete the initial state plan required by subsection (4)(b) of
15 this section on or before November 1, 2008.

16 **SECTION 2.** (1) There is created the Oregon Revenue Advisory Council consisting of
17 seven members appointed by the chairperson of the Task Force on Comprehensive Revenue
18 Restructuring created under section 1 of this 2007 Act. The members shall represent ac-
19 countants, economists and tax attorneys who are professionally involved in tax issues.

20 (2) The advisory council shall:

21 (a) Provide technical analysis for the task force; and

22 (b) Make recommendations for consideration by the task force.

23 (3) A majority of the members of the advisory council constitutes a quorum for the
24 transaction of business.

25 (4) Official action by the advisory council requires the approval of a majority of the
26 members of the advisory council.

27 (5) The advisory council shall elect one of its members to serve as chairperson.

28 (6) The advisory council shall meet at times and places specified by the call of the
29 chairperson or of a majority of the members of the advisory council.

30 (7) The Legislative Revenue Officer shall provide staff support to the advisory council.

31 (8) Members of the advisory council are not entitled to compensation, but may be reim-
32 bursed for actual and necessary travel and other expenses incurred by them in the per-
33 formance of their official duties in the manner and amounts provided for in ORS 292.495.
34 Claims for expenses shall be paid out of funds appropriated to the Legislative Revenue Officer
35 for that purpose.

36 (9) All agencies of state government, as defined in ORS 174.111, are directed to assist the
37 advisory council in the performance of its duties and, to the extent permitted by laws relat-
38 ing to confidentiality, to furnish such information and advice as the members of the advisory
39 council consider necessary to perform their duties.

40 **SECTION 3.** Sections 1 and 2 of this 2007 Act are repealed on the date of the convening
41 of the next regular biennial legislative session.

42 **SECTION 4.** This 2007 Act being necessary for the immediate preservation of the public
43 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect
44 on its passage.