

A-Engrossed
House Bill 3260

Ordered by the House June 20
Including House Amendments dated June 20

Sponsored by 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.

[Extends sunset dates for income tax expenditures scheduled to sunset in 2007-2009 biennium.]
[Takes effect on 91st day following adjournment sine die.]

Creates Tax Accountability Commission to review list of tax expenditures. Directs commission to report to Legislative Assembly on or before January 1, 2009, regarding findings and recommendations.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to tax expenditures; and declaring an emergency.

3 Whereas the Legislative Assembly creates tax expenditures to support the achievement of edu-
4 cational, social, economic and environmental policies through the use of Oregon's tax structure; and

5 Whereas the Legislative Assembly should ensure that Oregon's current tax expenditures make
6 as much sense for Oregon today as they did when they were first enacted; and

7 Whereas Oregon currently has 362 tax expenditures, which amount to approximately 50 percent
8 of spending through Oregon's tax system; and

9 Whereas the Legislative Assembly continues to enact new tax expenditures, including 20 en-
10 acted by the Seventy-third Legislative Assembly; and

11 Whereas Oregon taxpayers deserve full disclosure of how well the tax system is working; now,
12 therefore,

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

14 **SECTION 1. (1) There is created the Tax Accountability Commission, consisting of 14**
15 **members appointed as follows:**

16 **(a) The Speaker of the House of Representatives shall appoint four members from among**
17 **members of the House of Representatives.**

18 **(b) The President of the Senate shall appoint two members from among members of the**
19 **Senate.**

20 **(c) The Speaker of the House of Representatives and the President of the Senate shall**
21 **jointly appoint:**

22 **(A) One certified public accountant;**

23 **(B) One Oregon tax attorney;**

24 **(C) One person with significant state budget experience;**

25 **(D) A representative from the Office of Economic Analysis determined by the Oregon**
26 **Department of Administrative Services;**

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 (E) Two members of the public;
- 2 (F) One representative from a business association;
- 3 (G) One representative from a labor organization; and
- 4 (H) The chairperson of the commission from among its members.

5 (2)(a) The commission shall review a list of tax expenditures, including but not limited
6 to the 50 most expensive income tax expenditures that meet criteria adopted by the com-
7 mission. This list shall be known as the Review List.

8 (b) As part of its work, the commission shall:

9 (A) Adopt criteria to be used in conducting a thorough review of tax expenditures, in-
10 cluding measuring the specific economic, employment or public benefits or other outcomes
11 by which the goals and purposes of these expenditures can be objectively measured;

12 (B) Adopt specific measures for each of those tax expenditures on the Review List that
13 may be used by the Legislative Assembly when considering whether to extend the repeal date
14 of a law creating a tax expenditure;

15 (C) Establish a regular schedule for review of tax expenditures that have no repeal date
16 that may be used by the Legislative Revenue Committees and the Legislative Revenue Officer
17 in reviewing such laws, in order to ensure that all tax expenditures are reviewed;

18 (D) Examine and make recommendations on adopting statutory requirements for tax
19 expenditures, including but not limited to objective criteria for measuring whether a pro-
20 posed tax expenditure is likely to accomplish its stated objectives and for prescribing a repeal
21 date for the tax expenditure;

22 (E) Discuss and make recommendations on any changes that are needed to best coordi-
23 nate the effect of loss of revenue from tax expenditures on the state budget;

24 (F) Discuss and make recommendations on the appropriate duration of existing and fu-
25 ture tax expenditures; and

26 (G) Investigate and make recommendations on whether there is a need to clarify the
27 current state of the law regarding the number of votes required to eliminate a current tax
28 expenditure.

29 (3) The commission may utilize staff from the Legislative Revenue Office, the Depart-
30 ment of Revenue, the Office of the Secretary of State and the Oregon Department of Ad-
31 ministrative Services and may hire and use independent experts as it deems necessary.

32 (4) A majority of the members of the commission constitutes a quorum for the trans-
33 action of business.

34 (5) Official action by the commission requires the approval of a majority of the members
35 of the commission.

36 (6) If there is a vacancy for any cause, the appointing authority shall make an appoint-
37 ment to become immediately effective.

38 (7) The commission shall meet at times and places specified by the call of the chairperson
39 or of a majority of the members of the commission.

40 (8) The commission may adopt rules necessary for the operation of the commission.

41 (9) Members of the commission who are not members of the Legislative Assembly are
42 not entitled to compensation, but may be reimbursed for actual and necessary travel and
43 other expenses incurred by them in the performance of their official duties in the manner
44 and amounts provided for in ORS 292.495. Claims for expenses incurred in performing func-
45 tions of the commission shall be paid out of funds appropriated to the Legislative Revenue

1 **Officer for that purpose.**

2 (10) All agencies of state government, as defined in ORS 174.111, are directed to assist
3 the commission in the performance of its duties and, to the extent permitted by laws relating
4 to confidentiality, to furnish such information and advice as the members of the commission
5 consider necessary to perform their duties.

6 (11) The commission shall report to the Seventy-fifth Legislative Assembly on or before
7 January 1, 2009, regarding its findings and recommendations concerning tax expenditures.

8 (12) As used in this section, "tax expenditure" has the meaning given that term in ORS
9 291.201.

10 **SECTION 2.** Section 1 of this 2007 Act is repealed on the date of the convening of the next
11 regular biennial legislative session.

12 **SECTION 3.** This 2007 Act being necessary for the immediate preservation of the public
13 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect
14 on its passage.