

# House Joint Resolution 27

Sponsored by Representative SHIELDS

## 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**.

Proposes amendment to Oregon Constitution to limit amount of personal income tax expenditures and corporate income tax expenditures to percentage of tax revenue that would be raised in absence of any tax expenditures. Provides remedies if allowed tax expenditures exceed allowable tax expenditures.

Refers proposed amendment to people for their approval or rejection at special election held on same date as next primary election.

## JOINT RESOLUTION

**Be It Resolved by the Legislative Assembly of the State of Oregon:**

**PARAGRAPH 1.** The Constitution of the State of Oregon is amended by creating a new section 34 to be added to and made a part of Article IV, such section to read:

**SECTION 34. (1) As used in this section, "tax expenditure":**

**(a) Means any law enacted by this state that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of an established state tax imposed on or measured by income, including but not limited to a tax deduction, tax exclusion, tax subtraction, tax exemption, tax deferral, preferential tax rate or tax credit.**

**(b) Does not include any federal law related to the definition of taxable income that is incorporated by reference in state law, or any law related to a tax imposed primarily for the benefit of a local government.**

**(2) In the case of tax expenditures that reduce personal income taxes, the Legislative Assembly may not enact or allow the continued operation of tax expenditures that cumulatively exceed:**

**(a) For tax years beginning in the calendar year 2011, 42 percent of the amount of revenue that would be raised from personal income taxes for that period if no tax expenditures were operative and in effect.**

**(b) For tax years beginning in the calendar year 2012, 39 percent of the amount of revenue that would be raised from personal income taxes for that period if no tax expenditures were operative and in effect.**

**(c) For tax years beginning in the calendar year 2013, 36 percent of the amount of revenue that would be raised from personal income taxes for that period if no tax expenditures were operative and in effect.**

**(d) For tax years beginning in the calendar year 2014 or a later calendar year, 33 percent of the amount of revenue that would be raised from personal income taxes for the applicable period if no tax expenditures were operative and in effect.**

**(3) In the case of tax expenditures that reduce corporate taxes imposed on or measured by income, the Legislative Assembly may not enact or allow the continued operation of tax**

**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 expenditures that cumulatively exceed:

2 (a) For tax years beginning in the calendar year 2011, 36 percent of the amount of re-  
3 venue that would be raised from corporate taxes imposed on or measured by income for that  
4 period if no tax expenditures were operative and in effect.

5 (b) For tax years beginning in the calendar year 2012, 33 percent of the amount of re-  
6 venue that would be raised from corporate taxes imposed on or measured by income for that  
7 period if no tax expenditures were operative and in effect.

8 (c) For tax years beginning in the calendar year 2013, 30 percent of the amount of re-  
9 venue that would be raised from corporate taxes imposed on or measured by income for that  
10 period if no tax expenditures were authorized and in effect.

11 (d) For tax years beginning in the calendar year 2014 or a later calendar year, 27 percent  
12 of the amount of revenue that would be raised from corporate taxes imposed on or measured  
13 by income for the applicable period if no tax expenditures were operative and in effect.

14 (4) If, for tax years beginning in a calendar year, the cumulative amount of allowed tax  
15 expenditures exceeds the amount allowable under subsection (2) or (3) of this section:

16 (a) For tax years beginning in the two calendar years that follow the adjournment sine  
17 die of the next regular session of the Legislative Assembly:

18 (A) To the extent the allowed tax expenditures are against personal income taxes, the  
19 rate of personal income tax shall be temporarily increased in order to recover amounts for-  
20 gone as a result of excess tax expenditures; and

21 (B) To the extent the allowed tax expenditures are against corporate taxes imposed on  
22 or measured by income, the rate of corporate tax imposed on or measured by income shall  
23 be temporarily increased in order to recover amounts forgone as a result of excess tax  
24 expenditures; or

25 (b) The amounts forgone due to excess tax expenditures shall be recovered using a  
26 method prescribed by the Legislative Assembly at the regular session referenced in para-  
27 graph (a) of this subsection.

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29 **PARAGRAPH 2.** The amendment proposed by this resolution shall be submitted to the  
30 people for their approval or rejection at a special election held throughout this state on the  
31 same date as the next primary election.