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76th Legislative Assembly
JOINT COMMITTEE ON TAX CREDITS
900 Court Street NE Rm 143
Salem, Oregon 97301
Phone (503) 986-1266 — Fax (503) 986-1770

Tax Credit Committee Policy Questions

When reviewing the tax credit sunset extension bills and proposed new credits, the Joint Committee on Tax Credits intends to address the follow questions:

- What is the public policy purpose of this credit? Is there an expected timeline for achieving this goal?
- Is economic development and job creation a primary goal of this credit? If so, the following should be addressed based on historical evidence for existing credits and projections based on new proposed credits:
 - Number of jobs associated with credit on an annual basis.
 - Break down between permanent and temporary jobs.
 - Break down between traded sector and domestic sector jobs.
 - Estimates of average wage per job.
 - Estimate of tax revenue cost per job.
- Who (groups of individuals, types of organizations or businesses) directly benefits from this credit? Does this credit target a specific group? If so, is it effectively reaching this group?
- What is expected to happen if this credit fully sunsets? Could adequate results be achieved with a scaled down version of the credit? What would be the effect of reducing the credit by 50%?
- What background information on the effectiveness of this type of credit is available from other states?
- Is use of a tax credit an effective and efficient way to achieve this policy goal? What are the administrative and compliance costs associated with this credit? Would a direct appropriation achieve the goal of this credit more efficiently?

- What other incentives (including state or local subsidies, federal tax expenditures or subsidies) are available that attempt to achieve a similar policy goal?
- Could this credit be modified to make it more effective and/or efficient? If so, how?
- How would the return on the state's investment best be measured for this credit? Which of the following can be quantified as a "return" or "benefit" resulting from the use of this credit:
 - Jobs & overall economic activity
 - Environmental goals such as energy conservation, air/water quality
 - Social goals
- Using the three broad categories above, how do these credits rank in terms of their expected return on investment?

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