

**REVENUE:** No revenue impact

**FISCAL:** Minimal fiscal impact, no statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Rescind the Subsequent Referral to the Committee on Revenue
<b>Vote:</b>	8 - 0 - 0
<b>Yeas:</b>	Cameron, Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	2/17, 3/17, 4/12, 4/14

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**WHAT THE MEASURE DOES:** Requires state agencies to report to the Department of Administrative Services (DAS) on tax expenditures for economic development purposes. Specifies contents of report.

**ISSUES DISCUSSED:**

- Effort to improve transparency and increase accountability
- Value of investments (tax expenditures) to be communicated
- Potential for problems to be exposed
- Problems with Business Energy Tax Credit
- Existing types of users of Transparency Website
- Possible limitation to economic development tax expenditure programs

**EFFECT OF COMMITTEE AMENDMENT:** Removes the qualified research activities tax credit from the list of those affected. Adds the enterprise zone tax exemption to the list of those affected. Modifies report contents to include property tax exemption. Deletes reporting requirement on the promised and actual results of the project. Requires reporting on the specific outcomes required by the tax expenditure program and information about whether the taxpayer meets those requirements. Specifies that the reported information be based on data already collected and analyzed by the agency and already available on a database. Specifies that proprietary information or information exempt from disclosure under statute may not be included. Removes requirement that the information be downloadable as raw data in an open source format but specifies that it be accessible in the format and manner required by DAS. Removes rulemaking authority of the Transparency Oregon Advisory Council regarding standards for presentation.

**BACKGROUND:** Largely through tax credits and property tax abatements, Oregon taxpayers spent more than \$350 million last biennium on programs designed to promote economic development. It may be difficult or impossible for the public to access information on who is receiving these tax expenditures and if the intended results actually occurred. House Bill 2825-A requires the following information to be posted on the transparency website: name and address of taxpayer receiving tax expenditure related to economic development; the amount of tax expenditure received; the promised and actual results related to the project receiving the tax expenditure; and an explanation of the agency's certification decision.

Reporting on the following economic development tax expenditures is required: enterprise zones, reservation enterprise zones, rural renewable energy development zones, strategic investment programs, food processing equipment abatement, electronic commerce enterprise zones, film production development contributions, film production labor rebates, small city business development credits, long-term enterprise zone facilities, and manufacturing and renewable energy components on the business tax credit.

4/20/2011 11:50:00 AM

*This summary has not been adopted or officially endorsed by action of the committee.*