

House Bill 2782

Sponsored by Representative THATCHER (Pre-session filed.)

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**.

Directs Legislative Revenue Officer to prepare, for certain measures referred to voters, revenue impact statements that are based on dynamic scoring analysis to show how measure will affect economic behavior in state.

Directs Oregon Department of Administrative Services, in conduct of quarterly revenue estimates, to consider changes in expenditures and revenues resulting from changes to federal or state law that may affect economic activity during period for which estimate is made.

Directs state agencies that analyze state tax policy to use dynamic scoring to show how policy will affect economic behavior.

A BILL FOR AN ACT

1
2 Relating to economic analysis; creating new provisions; and amending ORS 250.125 and 291.342.

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

4 **SECTION 1. (1) In addition to the revenue impact statement required under ORS 173.025**
5 **(2), for each measure regulating taxation or exemption or that raises revenue, the Legisla-**
6 **tive Revenue Officer, with aid of the Legislative Fiscal Officer, the Department of Revenue,**
7 **the Oregon Department of Administrative Services and other state agencies, shall prepare**
8 **a revenue impact statement described in this section on each measure reported out of a**
9 **committee of the Legislative Assembly.**

10 **(2) The revenue impact statement required under subsection (1) of this section must:**

11 **(a) Describe how the measure will affect economic behavior in this state;**

12 **(b) Estimate the effects of the measure on the performance of the economy in this state**
13 **as measured by state gross domestic product, personal income, employment, business in-**
14 **vestment, tax revenues and any other criteria the Legislative Revenue Officer considers ap-**
15 **propriate;**

16 **(c) In cases in which the measure would change a tax rate applicable to a particular tax**
17 **base, determine the effects on tax revenues and on economic activity that will occur because**
18 **of the resulting changes in the bases to which that tax rate and all other tax rates apply;**

19 **(d) To the extent practicable, be produced through the simulation of a computable gen-**
20 **eral equilibrium model that:**

21 **(A) Captures the interindustry effects of the measure and accounts for the allocation of**
22 **revenue flows through the major components of the state budget;**

23 **(B) Is calibrated with parameters that show how the measure will affect economic deci-**
24 **sions by persons in this state to work, create jobs, save money and invest savings; and**

25 **(C) Predicts the values of the economic indicators selected for analysis for both a**
26 **baseline scenario under which the measure is not enacted and a scenario under which the**
27 **measure is enacted, for the purpose of showing how the selected indicators perform with and**
28 **without the measure; and**

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) In cases in which analysis of a measure using the computable general equilibrium
2 model is not practicable, describe a range of estimates of how the measure will affect eco-
3 nomic activity and tax revenues in this state.

4 **SECTION 2.** ORS 250.125 is amended to read:

5 250.125. (1) When a state measure involves expenditure of public moneys by the state, reduction
6 of expenditure of public moneys by the state, reduction of state revenues or raising of funds by the
7 state by imposing any tax or incurring any indebtedness, the financial estimate committee created
8 under this section shall estimate:

9 (a) The amount of direct expenditure, direct reduction of expenditure, direct reduction in state
10 revenues, direct tax revenue or indebtedness and interest that will be required to meet the pro-
11 visions of the measure if it is enacted; and

12 (b) The aggregate amount of direct expenditure, direct reduction of expenditure, direct reduction
13 in revenues, direct tax revenue or indebtedness and interest that will be required by any city,
14 county or district to meet the provisions of the measure if it is enacted.

15 (2) For a state measure for which an estimate is required to be prepared under subsection (1)
16 of this section, the financial estimate committee may also estimate the amount of direct expenditure,
17 direct reduction of expenditure, direct reduction in revenues, direct tax revenue or indebtedness and
18 interest that will result for the state or any city, county or district if the measure is not enacted.
19 The financial estimate committee may make an estimate under this subsection if the Legislative
20 Assembly has enacted a law that will apply only if the measure for which the estimate is prepared
21 is not enacted.

22 (3) For a state measure for which an estimate is required to be prepared under subsection (1)
23 of this section, the financial estimate committee shall consult with the Legislative Revenue Officer
24 to determine if the measure has potentially significant indirect economic or fiscal effects. If the
25 committee determines that the indirect economic or fiscal effects of the measure are significant and
26 can be estimated, the Legislative Revenue Officer shall prepare on behalf of the committee an im-
27 partial estimate of the indirect economic or fiscal effects of the measure. **The estimate must con-**
28 **form to the requirements of section 1 (2) of this 2011 Act.** The Legislative Revenue Officer shall
29 use the best available economic models and data to produce the estimate. The financial estimate
30 committee shall incorporate relevant parts of the estimate prepared by the Legislative Revenue Of-
31 ficer into the estimate prepared by the committee under subsection (1) of this section.

32 (4) Except as provided in subsection (5) of this section, the estimates described in subsections
33 (1) and (2) of this section shall be printed in the voters' pamphlet and on the ballot. The estimates
34 shall be impartial, simple and understandable and shall include the following information:

35 (a) A statement of the amount of financial effect on state or local government expenditures, re-
36 venues or indebtedness, expressed as a specific amount or as a range of amounts;

37 (b) A statement of any recurring annual amount of financial effect on state or local government
38 expenditures, revenues or indebtedness;

39 (c) A description of the most likely financial effect or effects of the adoption of the measure; and

40 (d) If an estimate is made under subsection (2) of this section, a description of the most likely
41 financial effect or effects if the measure is not enacted.

42 (5) If the financial estimate committee determines that the measure will have no financial effect
43 on state or local government expenditures, revenues or indebtedness or that the financial effect on
44 state or local government expenditures, revenues or indebtedness will not exceed \$100,000, the
45 committee shall prepare and file with the Secretary of State a statement declaring that the measure

1 will have no financial effect or that the financial effect will not exceed \$100,000. The statement shall
 2 be printed in the voters' pamphlet and on the ballot.

3 (6) In addition to the estimates described in subsections (1) and (2) of this section, if the finan-
 4 cial estimate committee considers it necessary, the committee may prepare and file with the Secre-
 5 tary of State an impartial, simple and understandable statement explaining the financial effects of
 6 the measure. The statement may not exceed 500 words. The statement shall be printed in the voters'
 7 pamphlet with the measure to which it relates.

8 (7) The Legislative Administration Committee shall provide any administrative staff assistance
 9 required by the financial estimate committee to facilitate the work of the financial estimate com-
 10 mittee under this section or ORS 250.127.

11 (8) The financial estimate committee is created, consisting of the Secretary of State, the State
 12 Treasurer, the Director of the Oregon Department of Administrative Services, the Director of the
 13 Department of Revenue and a representative of a city, county or district with expertise in local
 14 government finance. The representative of a city, county or district shall be selected by the four
 15 other members of the financial estimate committee and shall serve for a term of two years that be-
 16 gins on March 1 of the odd-numbered year.

17 **SECTION 3.** ORS 291.342 is amended to read:

18 291.342. (1) By August 15 of each year, but not earlier than 90 days from the end of the regular
 19 session, if any, of the Legislative Assembly held in that calendar year, the Oregon Department of
 20 Administrative Services, with the assistance of the Department of Revenue, shall:

21 (a) Ascertain by computation and estimate the total amount of revenue available for state pur-
 22 poses for the current fiscal year; and

23 (b) Apportion the state tax levy on property, if any, among the several counties in the manner
 24 provided in ORS 291.445.

25 (2) In addition to the requirement in subsection (1) of this section, the Oregon Department of
 26 Administrative Services with the assistance of the Department of Revenue shall for each calendar
 27 quarter of the year ascertain by computation and estimate the total amount of revenue available for
 28 state purposes for the current fiscal year, as well as the amount of revenue received quarterly, cu-
 29 mulated throughout the biennium, and report its estimate to the Legislative Revenue Officer and to
 30 the Emergency Board, or if the Legislative Assembly is in session, to the Joint Committee on Ways
 31 and Means.

32 (3) In carrying out its duties under subsection (2) of this section, the Oregon Department of
 33 Administrative Services shall **do the following:**

34 (a) Issue quarterly a statement setting forth the methodology and assumptions used in making
 35 the revenue estimate. Nothing in this subsection requires the statement to set forth procedures used
 36 or methods used to determine either the methodology or the assumptions.

37 (b) **Consider any changes in expenditures and revenues that will result from changes to**
 38 **federal or state law that will affect economic activity during the period for which the esti-**
 39 **mate is made. For purposes of this paragraph, the department shall use the methodology**
 40 **described in section 1 (2) of this 2011 Act.**

41 **SECTION 4.** **An agency of state government as defined in ORS 174.111 that engages in**
 42 **an analysis of state tax policy or changes to state tax policy shall employ an analysis that**
 43 **utilizes dynamic scoring to show how the policy will affect economic behavior. The analysis**
 44 **must use the methodology described in section 1 (2) of this section.**