

HB 2002
Relating to analysis of tax credit legislation

This bill directs the Legislative Revenue Office, in consultation with the Department of Revenue, to prepare a report each odd-year regular session, that analyzes tax credits that are scheduled to expire the following year.

The report may also include an analysis of other tax credits at the discretion of the interim revenue committees.

The Legislative Revenue Office is projected to need one additional lead economist position to conduct the research, review, and analysis required in the measure.

In conjunction with complying with the reporting requirements of the bill, the position would also serve as staff to the Joint Committee on Tax Credits and as a resource for policy committees dealing with tax credits, sunsets, and extensions during legislative sessions.

This 1.0 FTE is estimated at \$210,000 General Fund per biennium plus an additional \$25,000 General Fund in the 2013-15 biennium for initial services and supplies costs.

The General Government Subcommittee recommends HB 2002 be reported out do pass.

Joint Committee on Ways and Means

Carrier – House: Rep. Smith
Carrier – Senate: Sen. Steiner Hayward

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Krista McDowell, Legislative Fiscal Office

Meeting Date: June 26, 2013

WHAT THE MEASURE DOES: Directs Legislative Revenue Office (LRO) to prepare a report analyzing tax credits prior to the start of each odd-year regular session. Report may include analysis of other tax credits at discretion of interim revenue committees. Specifies content of report. First report is due prior to start of 2015 regular session.

ISSUES DISCUSSED:

- First tax expenditure report advocated for in 1995
- Staff analysis of expiring as well as new tax credits to be included in the report
- Currently analysis is not as detailed information as what LRO could do with additional 1.0 FTE
- Opportunities to evaluate expiring tax credits to fund the LRO FTE request
- Savings may be created with a more detailed report that may allow better tax policy decisions to be made.

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2009, the Legislature approved HB 2067 which set in motion a systematic review of tax credits by establishing a sunset date for nearly all of them. However, HB 2067 did not contain specifics on the credit review process or who was responsible for the review.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2002 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Matt Stayner
Reviewed by: Daron Hill
Date: 5/1/13**Measure Description:**

Directs Legislative Revenue Officer to submit report for each measure that extends sunset of tax credit or creates new tax credit.

Government Unit(s) Affected:

Legislative Revenue Office (LRO)

Summary of Expenditure Impact

	2013-15 Biennium	2015-17 Biennium
General Fund	\$235,000	\$210,000
Lottery Funds		
Other Funds		
Federal Funds		
Total Funds	\$235,000	\$210,000
Positions	1	1
FTE	1.00	1.00

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure requires the Legislative Revenue Officer (LRO), in consultation with the Department of Revenue, the Legislative Fiscal Officer, and any affected agency, to prepare and submit a report each biennium detailing each income or excise tax credit that is scheduled to expire in the next year. The bill requires the report to cover an enumerated list of public policy, public benefit, optional outcome, background, effectiveness, efficiency, and comparative analyses for each of the tax credits.

The LRO anticipates that the research, review, and analytical capacity required to fulfill the requirements of the measure would necessitate the establishment of a new lead economist position at a biennial cost of about \$210,000 General Fund plus an additional \$25,000 General Fund in the 2013-15 biennium for initial services and supplies costs. In conjunction with the explicit reporting requirements of the bill, the position would serve as staff to the Joint Committee on Tax Credits and as a resource for policy committees dealing with tax credits, sunsets, and extensions during legislative sessions.