

House Bill 2002

Sponsored by Representatives GALLEGOS, KOTEK; Representatives FAGAN, FREDERICK, GORSEK, GREENLICK, KOMP

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 submit report for each measure that extends sunset of tax credit or creates new tax credit. Provides that report is to be submitted to committee related to revenue and is to analyze policy impacts and goals of existing or new credit.

Applies to measures introduced in odd-numbered year regular sessions beginning on or after January 1, 2015.

A BILL FOR AN ACT

1
2 Relating to analysis of tax credit legislation.

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

4 **SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS chapter 315.**

5 **SECTION 2. (1) For each measure reported out of a committee of the Legislative As-**
6 **sembly, the effect of which is to extend the time of applicability of an income or excise tax**
7 **credit or to create a tax credit, the Legislative Revenue Officer shall submit a report to a**
8 **committee of the Legislative Assembly related to revenue.**

9 **(2) For each existing or proposed credit, the report required in subsection (1) of this**
10 **section shall set forth:**

11 **(a) The public policy purpose of the credit.**

12 **(b) The expected timeline for achieving the public policy purpose, if a timeline exists.**

13 **(c) The taxpayers or other entities or individuals that are likely to benefit from allowance**
14 **of the credit and those that are intended to benefit.**

15 **(d) The effectiveness of the credit in benefitting the targeted taxpayers or entities.**

16 **(e) The expected results if the credit is allowed to expire under current law and the po-**
17 **tential results of reducing the impact of the credit rather than allowing it to expire.**

18 **(f) Background information on the effect of similar credits allowed in other states.**

19 **(3) The report required in subsection (1) of this section shall include analysis of the fol-**
20 **lowing:**

21 **(a) Whether use of a tax credit is an effective and efficient way to achieve the stated**
22 **policy goal.**

23 **(b) The administrative and compliance costs associated with the credit.**

24 **(c) Whether a direct appropriation might achieve the stated public policy purpose of the**
25 **credit more efficiently.**

26 **(d) What other incentives, including state or local subsidies, federal tax expenditures or**
27 **subsidies are available in this state that have a similar policy purposes.**

28 **(e) How the credit could be modified to make it more effective and efficient.**

29 **(f) How the state's return on investment in allowing this credit could best be measured,**

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 **in terms of:**

2 **(A) Creation of jobs and increased overall economic activity.**

3 **(B) Environmental goals such as energy conservation or improvement of air and water**
4 **quality.**

5 **(C) Social goals.**

6 **(g) In terms of the areas set out in paragraph (f) of this subsection, how the credit ranks**
7 **compared to other credits that are being considered by the committee.**

8 **(4) If the credit has a primary purpose of economic development and job creation, the**
9 **following should be addressed based on historical evidence for existing credits and projections**
10 **for new proposed credits:**

11 **(a) The number of jobs associated with the credit on an annual basis;**

12 **(b) The breakdown between permanent and temporary jobs;**

13 **(c) The breakdown between traded sector and domestic sector jobs;**

14 **(d) The estimates of average wage per job; and**

15 **(e) The estimate of tax revenue cost per job.**

16 **SECTION 3. Section 2 of this 2013 Act applies to measures introduced in odd-numbered**
17 **year regular sessions beginning on or after January 1, 2015.**

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