

A-Engrossed
Senate Bill 925

Ordered by the Senate June 3
Including Senate Amendments dated June 3

Sponsored by COMMITTEE ON FINANCE AND REVENUE

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.

Directs Legislative Revenue Officer to [*report to Legislative Assembly on options for tax reform and make recommendations for legislation intended to reform current tax system*] **make recommendations for proposed legislation intended to restructure Oregon's tax system, including corporate and personal income tax and property tax systems, and to prepare analysis of proposed legislation. Directs Legislative Revenue Officer to submit report on progress of legislation and analysis to interim committees of Legislative Assembly.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxation; and prescribing an effective date.

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

4 **SECTION 1. (1) The Legislative Revenue Officer, in consultation with the Department of**
5 **Revenue and the Legislative Counsel, shall make recommendations for proposed legislation**
6 **intended to restructure Oregon's tax system, to be considered during the 2016 regular ses-**
7 **sion of the Legislative Assembly. The proposed legislation shall consist of the following:**

8 (a) **A bill that repeals the corporate income tax, reduces personal income tax rates and**
9 **increases the standard deduction for personal income taxpayers. To offset revenue loss from**
10 **these changes, the bill shall establish the framework for the implementation of a commercial**
11 **activity tax, including proposed rates, threshold for taxation, clarification of the tax base and**
12 **the underlying tax structure.**

13 (b) **A proposed constitutional provision that restructures Oregon's property tax system.**
14 **The provision shall include a return to a market value-based property assessment system**
15 **and the establishment of a homestead exemption to reduce property taxes for owner-**
16 **occupied residential property.**

17 (c) **Any additional measures necessary to implement and administer the proposed struc-**
18 **tural changes to the tax system.**

19 (2) **The Legislative Revenue Officer shall prepare analysis for the proposed legislation**
20 **described in subsection (1) of this section. The analysis shall consist of alternative scenarios**
21 **and include the following:**

22 (a) **Long term economic impacts, including impacts on overall state employment, per-**
23 **sonal income, wages and the price level.**

24 (b) **Impact on state revenue and local revenue, including the effects of secondary eco-**
25 **nomic impacts.**

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 **(c) Impact on the distribution of the state and local tax burden between households and**
2 **businesses, and by income levels.**

3 **(d) Impact on the stability of the state and local revenue system over the course of the**
4 **business cycle.**

5 **(e) Potential tax administration issues associated with the proposed structural changes.**

6 **(f) Any other analysis of the proposed changes deemed relevant to the policy decision**
7 **process by the Legislative Revenue Officer.**

8 **(3) Not later than December 1, 2015, the Legislative Revenue Officer shall submit a report**
9 **to the interim committees of the Legislative Assembly related to revenue on the progress**
10 **of the Legislative Revenue Officer on the proposed legislation and analysis required under**
11 **this section.**

12 **SECTION 2.** **This 2015 Act takes effect on the 91st day after the date on which the 2015**
13 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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