

**HB 2859 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Meeting Dates:** 3/1

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**WHAT THE MEASURE DOES:**

Creates or adjusts sunset dates for specified property tax expenditures.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

**BACKGROUND:**

Per ORS 291.201, "Tax expenditure" means any law of the federal government or this state that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes, including but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates and tax credits.

In 2009, the Legislature passed and the Governor signed HB 2067. This bill organized active tax credits into three groups according to broad policy goals and placed a sunset date on all but three tax credits. The three groups were scheduled to sunset on January 1 of 2012, 2014, or 2016, so that an organized review could occur during the legislative session just prior to their scheduled sunset. HB 2859 follows a similar approach for property tax expenditures. About 130 property tax expenditures presently exist, a number of which exist largely for tax administrative purposes or to comply with federal law. Such administrative and federally conforming tax expenditures are not included in HB 2859.

ORS 315.037 requires any tax expenditure enacted by the Legislative Assembly on or after January 1, 2014, to apply for a maximum of six tax years unless the Legislative Assembly expressly provides for another period of applicability.

Required by ORS 291.202, the Governor, assisted by the Department of Revenue, is required to prepare in each even-numbered year a tax expenditure report.