

# HB 2128 Report Update

## HB 2128

**Sec. 1.** (1) The Legislative Revenue Officer, in consultation with the Department of Revenue, shall conduct a study on the statutory definition of tax expenditures and the operation of automatic sunset provisions applied to tax expenditures. The study may make recommendations for proposed legislation related to tax expenditures.

(2) No later than February 1, 2021, the officer and the department shall report the results of the study to a committee of the Legislative Assembly related to revenue.

## Tax Expenditure Definition

**291.201 “Tax expenditure” defined for ORS 291.201 to 291.222.** As used in ORS 291.201 to 291.222, “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.

## Automatic (Implicit) Sunset

**315.037 Tax expenditures applicable for limited time.** (1) As used in this section, “tax expenditure” has the meaning given that term in ORS 291.201.

(2) Any tax credit enacted by the Legislative Assembly on or after January 1, 2010, shall apply for a maximum of six tax years beginning with the initial tax year for which the credit is applicable, unless the Legislative Assembly expressly provides for another period of applicability.

(3) Any tax expenditure enacted by the Legislative Assembly on or after January 1, 2014, shall apply for a maximum of six tax years beginning with the initial tax year for which the tax expenditure is applicable, unless the Legislative Assembly expressly provides for another period of applicability.

## Primary Issue

- The application of ORS 315.037(3)

## Topics of Discussion

- Tax expenditure determination vs default sunset policy
  - What does the Legislature want to sunset?
  - Executive branch administration
  - Revenue Impact Statements (ORS 173.025)
- Definition of “established taxes”
  - Creation of a tax
  - Tax base
- The Oregon Tax Expenditure Report
  - Policy resource
  - Legal interpretation