

## **HB 2127 A STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 5/9, 5/16

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#### **WHAT THE MEASURE DOES:**

Eliminates sunset of exemption from personal or corporate income taxes available to out-of-state emergency service providers operating in Oregon solely for the purposes of performing disaster or emergency related work on critical infrastructure. Measure takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

- Measure eliminates sunset of income tax exclusion
- Measure originally contained language related to other tax expenditures policies which were removed from measure by amendment
- Summary of engrossed version displays description of language amendment out of introduced version of measure
- When originally enacted in 2015, exclusion received implicit six year sunset as sunset was not specified in measure
- Language originated from discussions and model legislation prepared in 2011 by the National Conference of State Legislatures (NCSL)
- Governor or U.S. President must declare emergency for tax exemption to become operable
- Exemption is temporary, generally limited to 60 day period or longer if authorized by Governor
- Many other states have enacted similar legislation, but not all.

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

The Oregon tax exemption available to out-of-state emergency service providers operating in Oregon solely for the purposes of performing disaster or emergency related work on critical infrastructures was created in 2015. The tax exemption exempts individuals and businesses from Oregon corporate or personal income tax liability in specified circumstances. The tax exemption is rarely used but could be of importance if Oregon were to suffer a catastrophic disaster. The exemption originated from discussions and model legislation prepared in 2011 by the National Conference of State Legislatures (NCSL).

ORS 315.037(3) requires any tax expenditure enacted by the Legislative Assembly that does not specifically include an applicable sunset date to apply for a maximum of six tax years beginning with the initial tax year for which the tax expenditure is applicable.