
MEMORANDUM

Legislative Fiscal Office
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To: *General Government Subcommittee*

From: *Krista McDowell, Legislative Fiscal Office*
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Date: June 13, 2013

Subject: *HB 2002 - A*
Work Session Recommendations

HB 2002 - A relates to analysis of tax credit legislation.

The measure, the original staff measure summary, preliminary Joint Committee on Ways and Means staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

The measure previously had a public hearing and work session in the House Committee on Revenue and had a do pass recommendation with amendments. The measure also previously had a public hearing in the General Government Subcommittee on 5/13/2013.

The measure has a fiscal impact of \$235,000 General Fund (GF) and 1.00 FTE in the 2013-15 biennium and \$210,000 GF and 1.00 FTE in the 2015-17 biennium.

Measure as Modified

The measure is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move HB 2002 - A to the full committee with a “do pass” recommendation.

Assignment of Carriers

Full: _____
2nd Chamber: _____

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2002 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Matt Stayner
Reviewed by: Daron Hill
Date: 5/1/13**Measure Description:**

Directs Legislative Revenue Officer to submit report for each measure that extends sunset of tax credit or creates new tax credit.

Government Unit(s) Affected:

Legislative Revenue Office (LRO)

Summary of Expenditure Impact

	2013-15 Biennium	2015-17 Biennium
General Fund	\$235,000	\$210,000
Lottery Funds		
Other Funds		
Federal Funds		
Total Funds	\$235,000	\$210,000
Positions	1	1
FTE	1.00	1.00

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure requires the Legislative Revenue Officer (LRO), in consultation with the Department of Revenue, the Legislative Fiscal Officer, and any affected agency, to prepare and submit a report each biennium detailing each income or excise tax credit that is scheduled to expire in the next year. The bill requires the report to cover an enumerated list of public policy, public benefit, optional outcome, background, effectiveness, efficiency, and comparative analyses for each of the tax credits.

The LRO anticipates that the research, review, and analytical capacity required to fulfill the requirements of the measure would necessitate the establishment of a new lead economist position at a biennial cost of about \$210,000 General Fund plus an additional \$25,000 General Fund in the 2013-15 biennium for initial services and supplies costs. In conjunction with the explicit reporting requirements of the bill, the position would serve as staff to the Joint Committee on Tax Credits and as a resource for policy committees dealing with tax credits, sunsets, and extensions during legislative sessions.

Joint Committee on Ways and Means

Carrier – House: Rep.
Carrier – Senate: Sen.

Revenue: No Impact

Fiscal: Fiscal Issued

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Krista McDowell, Legislative Fiscal Office

Meeting Date: [Full Committee Meeting Date]

WHAT THE MEASURE DOES: Directs Legislative Revenue Office (LRO) to prepare a report analyzing tax credits prior to the start of each odd-year regular session. Report may include analysis of other tax credits at discretion of interim revenue committees. Specifies content of report. First report is due prior to start of 2015 regular session.

ISSUES DISCUSSED:

- First tax expenditure report advocated for in 1995
- Staff analysis of expiring as well as new tax credits to be included in the report
- Currently analysis is not as detailed information as what LRO could do with additional 1.0 FTE
- Opportunities to evaluate expiring tax credits to fund the LRO FTE request
- Savings may be created with a more detailed report that may allow better tax policy decisions to be made.

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2009, the Legislature approved HB 2067 which set in motion a systematic review of tax credits by establishing a sunset date for nearly all of them. However, HB 2067 did not contain specifics on the credit review process or who was responsible for the review.