

Senate Bill 964

Sponsored by Senator BROWN

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 **as introduced**.

Directs Secretary of State to conduct performance and program audits on tax expenditures.
Requires Secretary of State to adopt rules establishing criteria for audits of tax expenditures.

A BILL FOR AN ACT

1
2 Relating to auditing of tax expenditures; amending ORS 297.070.

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

4 **SECTION 1.** ORS 297.070 is amended to read:

5 297.070. (1) Performance and program audits of all state departments, boards, commissions, in-
6 stitutions, [*and*] state-aided institutions and agencies **and tax expenditures** shall be conducted on
7 the basis of risk assessment and on standards established by national recognized entities including,
8 but not limited to, the United States General Accounting Office and the National Association of
9 State Auditors. The Secretary of State shall adopt and the Joint Legislative Audit Committee shall
10 approve rules specifying all criteria to be considered for conducting a performance or program audit
11 under this section. **Rules specifying criteria to be considered for conducting a performance or**
12 **program audit of a tax expenditure shall establish criteria for measuring specific economic,**
13 **employment or other outcomes by which the goals and purposes of a tax expenditure may**
14 **be objectively measured.** The Secretary of State shall schedule the performance and program au-
15 dits as directed by the Joint Legislative Audit Committee.

16 (2) The Secretary of State may subpoena witnesses, may require the production of books and
17 papers and rendering of reports in such manner and form as the Secretary of State requires and
18 may do all things necessary to secure a full and thorough audit. The Secretary of State shall report,
19 in writing, to the Legislative Assembly as provided in ORS 192.245. The report shall include a copy
20 of the report on each performance and program audit.

21 (3) The Secretary of State, as State Auditor, shall contract with qualified private sector auditors
22 to conduct audits required by this section, unless the Secretary of State determines that it is not
23 practical or in the public interest to do so. If the Secretary of State determines that it is not prac-
24 tical or in the public interest to contract with qualified private sector auditors, after notifying the
25 Joint Legislative Audit Committee, the Secretary of State shall employ auditors for such purpose
26 and shall include in the written audit report the circumstances that rendered it impractical or not
27 in the public interest to contract with qualified private sector auditors. All contracts for conducting
28 performance and program audits under this section shall be in a form prescribed or approved by the
29 Secretary of State. A copy of each completed contract shall be furnished to the Secretary of State
30 and the Joint Legislative Audit Committee. The Secretary of State shall employ or contract with
31 auditors upon terms and for compensation as the Secretary of State determines are advantageous

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 and advisable.

2 (4) An audit conducted under contract as provided in subsection (3) of this section shall be
 3 considered to be conducted by the Division of Audits for purposes of ORS 297.020, 297.050 and
 4 297.535.

5 (5) If a person fails to comply with any subpoena issued under subsection (2) of this section, a
 6 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
 7 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
 8 issued from the circuit court.

9 (6) The Secretary of State may enter into an agreement with the department, board, commission,
 10 institution[,] or state-aided institution or agency that is the subject of a performance or program
 11 audit, **or that is the administrator of a tax expenditure that is the subject of a performance**
 12 **or program audit**, for payment of the expenses incurred by the Secretary of State in conducting
 13 the audit. The Emergency Board may also make funds available to the Division of Audits to reim-
 14 burse it for expenses incurred under this section.

15 (7) As used in this section:

16 (a) "Performance audit" includes determining:

17 (A) Whether an entity described in subsection (1) of this section that is the subject of the audit
 18 is acquiring, protecting and using its resources economically and efficiently;

19 **(B) Whether an entity described in subsection (1) of this section that is charged with**
 20 **administering a tax expenditure is administering the tax expenditure to economically and**
 21 **efficiently achieve the goals and purposes of the tax expenditure;**

22 [~~B~~] (C) The causes of inefficiencies or uneconomical practices; and

23 [~~C~~] **(D) Whether the entity has complied with laws and regulations concerning matters of**
 24 **economy and efficiency.**

25 (b) "Program audit" includes determining:

26 (A) The extent to which the desired results or benefits of a program **or tax expenditure** es-
 27 tablished by the Legislative Assembly or other authorizing body are being achieved;

28 (B) The extent to which the need for or objectives of an ongoing program **or tax expenditure**
 29 are necessary or relevant;

30 (C) Whether the program **or tax expenditure** complements, duplicates, overlaps or conflicts
 31 with other related programs;

32 (D) The effectiveness of organizations, programs, activities, [~~or~~] functions **or tax expenditures;**
 33 and

34 (E) Whether the entity described in subsection (1) of this section that is the subject of the audit
 35 has complied with laws and regulations applicable to the program.

36 (c) **"Tax expenditure" has the meaning given that term in ORS 291.201.**

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