

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly  
2007 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	HB 2031-A
<b>Revenue Area:</b>	Income, Estate
<b>Economist:</b>	Allanach, Malik
<b>Date:</b>	3-5-2007

## Measure Description:

Increases the exemption from the Estate and Inheritance tax from \$1 million to \$2 million. The change applies to decedents who die on or after January 1, 2007. Changes the minimum excise tax paid by C-corporations and their affiliates from a flat \$10 to a graduated amount that ranges from \$25 to \$50,000. The amount of the tax depends on the level of Oregon sales by the corporation as indicated in the table below. The change is effective for tax years beginning on or after January 1, 2007. Provides a one-time credit to C-corporations of 67% of their 2007 liability.

Oregon Sales	Minimum Tax
< \$50,000	\$25
\$50,000 to \$100,000	\$75
\$100,000 to \$250,000	\$250
\$250,000 to \$500,000	\$500
\$500,000 to \$1,000,000	\$1,000
\$1,000,000 to \$5,000,000	\$2,500
\$5,000,000 to \$10,000,000	\$10,000
\$10,000,000 to \$25,000,000	\$25,000
> \$25,000,000	\$50,000

## Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
Estate & Inheritance Tax	-\$20.7	-\$22.0	-\$42.7	-\$45.9
One time Corporate Credit	-\$24.8	\$0.0	-\$24.8	\$0.0
Corporate Excise Tax	\$76.5	\$76.2	\$152.7	\$151.2
<b>State General Fund</b>	<b>\$31.0</b>	<b>\$54.2</b>	<b>\$85.2</b>	<b>\$105.3</b>

## Impact Explanation:

For the Estate and Inheritance tax, for the exemption amounts to reach the federal line of \$2 million, and without any other adjustment to the tax rates, Oregon will expect a reduction in revenue of about \$42.7 million in 07-09, and \$46.0 million in 09-11. For the corporate minimum tax, the revenue impact reflects the expectation that the number of C-corporations will continue to decline in the future.

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