

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2172-C
Revenue Area:	Income
Economist:	Chris Allnach
Date:	6-22-2007

Measure Description:

Allows a personal income or corporate income or excise tax credit of up to 25% of the certified cost for qualifying repower or 50% of certified cost of qualifying retrofit. Adjusts the qualifying costs by any existing financial incentive when determining the amount of the credit. Limits the credit to the taxpayer's liability. Allows DOR to deny credit if the engine no longer meets the stated requirements. Disallows the credit in conjunction with the pollution control credit, but allows the credit in conjunction with the business energy tax credit (BETC). Limits total annual repower/retrofit credits to \$3 million and sunsets the credit certifications on December 31, 2017. Applies to tax years beginning on or after January 1, 2008. Allows a 3-year carry-forward and a transfer of the credit to another taxpayer. Extends existing tax credit for new low emission truck engines for engine model years through 2011. Limits total amount of credits for purchase of diesel engines to \$500,000 per year.

Revenue Impact:

If HB 3201-B becomes law, then this bill would have no revenue impact. If HB 3201-B does not become law then the revenue impact is estimated to be -\$1.9 million in 2007-09 and -\$4.4 million in 2009-11. The tax credits contained in this bill were incorporated in HB 3201-B as part of package. The intent was to put all of the policies of this bill into HB 3201-B, but that was not possible given the non-taxation policies contained in this bill. Also, due to the structure of this bill, it was not possible to simply separate the tax credit policies from the other policies contained in the bill. Therefore, the credits exist, in identical form, in each of the two bills.

The revenue impact estimates are comprised of the new credit for the repower or retrofit of diesel truck engines and the sunset extension for the existing credit for the purchase of qualifying diesel truck engines. The revenue impact assumes the usage of the repower/retrofit credit is phased in over time.

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