

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

| | |
|----------------------|----------------|
| Bill Number: | HB 2779-B |
| Revenue Area: | Income |
| Economist: | Chris Allanach |
| Date: | 6-22-2007 |

Measure Description:

Creates a credit against personal income or corporate excise and income taxes for businesses that hire at least 5 additional, full-time, year-round employees. Requires the total Oregon employment for the firm to have increased or stay the same. Requires the business to be within a traded sector, to maintain the new jobs at least 10 years, pay wages that are at least 150 percent of the county per capita income, and currently employs fewer than 500 employees at the facility in the application. Requires the Economic and Community Development Department to certify the credit and collect an \$1,000 fee. Limits the number of certifications to 40 per biennium. Allows certifications to be issued between October 1, 2008 and December 31, 2013. The credit is 3% of the increased annual payroll at the facility or 5% if the facility is located in a distressed area at the time of certification. Limits the credit to \$500,000 per tax year and the taxpayer's liability. Creates a 5-year carryforward. Allows an 50% of the credit to be transferred to another taxpayer. Requires the taxpayer to maintain sufficient records for 10 years to show that they continue to meet the certification requirements. Allows the Department of Revenue to disallow the credit and collect any taxes from the current or prior tax years related to the credit if the taxpayer fails to maintain eligibility.

Revenue Impact:

| (\$ Millions) | 2007-08 | 2008-09 | 2007-09 Biennium | 2009-11 Biennium |
|--------------------|---------|---------|---------------------|---------------------|
| State General Fund | \$0 | -\$0.4 | -\$0.4 | -\$3.2 |

Impact Explanation:

The revenue impact estimate assumes that 20 certifications are issued each year, with an average number of 25 new employees per business and average payroll cost of \$100,000 per employee.

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