

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly

2007 Regular Session

Legislative Revenue Office

Bill Number:	HB 3201-B
Revenue Area:	Income
Economist:	Chris Allnach
Date:	6-20-2007

Measure Description:

Increases the subtraction for active duty compensation to \$6,000 and includes income earned by employees of the Oregon Military Department for duties performed for the Oregon National Guard Youth Challenge Program. Creates a credit of up to \$5,000 for physicians who provide medical care to residents of an Oregon Veterans' Home. Removes the sunset date on the property tax exemption for summer homes on federal land. Excludes natural resource property and property used in commercial fishing from gross estate value for purposes of the inheritance tax. Provides taxing districts the option of exempting certain machinery and equipment of egg processors from property taxation. Allows a business that changes ownership to continue to qualify for an income exemption under the Oregon Investment Advantage Act (formerly referred to as the Small City Business Development exemption.) Expands the Business Energy Tax Credit. Expands the Residential Energy Tax Credit. Creates a credit for the repower or retrofit of older diesel truck engines. Extends the sunset on the new engine credit through 2011. Increases the limit on credit certifications to the Oregon Production Investment Fund from \$1 million to \$5 million. Increases the total credits for affordable housing loans from \$11 million to \$13 million. Phases down the personal exemption credit for taxpayers above certain income thresholds. Increases the subtraction for contributions to an Oregon College Savings Network account from \$2,000 to \$4,000 (joint) and from \$1,000 to \$2,000 (married-filing-separately). Creates a refundable \$5,000 credit for mobile home owners if they are required to move due to the closure of the mobile home park. Creates a \$2,500 credit for physicians in their first year participating in the TRICARE system. Creates a \$1,000 credit for each subsequent year the physician actively participates in the TRICARE system with the requirement that physicians in non-rural areas accept at least 10 patients. Creates a subtraction of TRICARE payments for the first two years a physician participates in the TRICARE system. Limits new certifications to 500 per year.

Revenue Impact:

(\$ Millions)	2007-09 Biennium	2009-11 Biennium
State General Fund	-\$3.5	-\$26.5

Impact Explanation:

The various tax expenditures (credits, subtractions, etc.) contained in the bill are expected to reduce revenue by \$22.4 million in the 2007-09 biennium and by \$45.6 million in 2009-11. To offset some of this loss, the personal exemption credit is phased down for taxpayers above a certain income level, possibly to one-third of the original amount. This policy is expected to increase revenue by \$18.9 million in 2007-09 and by \$19.1 million in 2009-11.

State Capitol Building
900 Court St NE, Room H-197
Salem, OR 97301-1347

Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>