

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	SB 39-A
Revenue Area:	Income
Economist:	Chris Allanach
Date:	3-14-2007

Measure Description:

Defines "listed transaction" and "reportable transaction". Requires taxpayers who engage in, are associated with, or receive a tax benefit from a reportable transaction to report that transaction to the Department of Revenue, beginning with tax year 2007; creates a penalty for failing to report the use of such transactions. Creates a 60% penalty for understatement of tax due to the use of a listed transaction; the penalty applies to listed transactions discovered or reported on or after January 1, 2008. Creates a 100% penalty for promoters of a tax shelter. Opens closed tax years going back to 1999.

Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	\$11.3	\$0.5	\$11.8	\$1.0

Impact Explanation:

The revenue impact estimate is based on the California program, adjusted for Oregon specific characteristics. One significant factor that interacts with the effects of this bill is that the Department of Revenue is expected to participate in a multi-state administrative voluntary compliance initiative (VCI) during the Spring/Summer of 2007. It is expected that this bill would increase the response to that effort. The table below shows how the revenue impact was calculated. (It does not include the effects of the anticipated 2007 administrative VCI.)

	2007-09	2009-11
Gross Collections	\$17.3	
(Less) Assumed Current Collections	-\$6.0	
(Plus) New Penalties	\$0.5	\$1.0
(Equals) Net Revenue Impact	\$11.8	\$1.0

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