

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2031 **STATUS:** B-Engrossed
SUBJECT: Provide a one-time corporate income tax credit for certain taxpayers.
GOVERNMENT UNIT AFFECTED: Department of Revenue
PREPARED BY: Adrienne Sexton
REVIEWED BY: Dallas Weyand
DATE: March 8, 2007

EXPENDITURES – General Fund:
See Comments.

2007-2009

2009-2011

REVENUES:
See Revenue Impact Report issued by Legislative Revenue Office

EFFECTIVE DATE: 91 days after adjournment sine die.

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The measure provides for a C corporation taxpayer with Oregon sales of less than \$5 million, a one-time tax credit for the tax year that begins on or after January 1, 2007 and before January 1, 2008. Operation of this measure is contingent on the enactment of HB 2707 C-Engrossed no later than March 16, 2007.

Notwithstanding the measure’s effective date, the Department of Revenue expenditures in 2007-09 would likely increase. For purposes of this fiscal statement sine die is assumed to be June 29. The department would not wait until 91 days after sine die to begin work to modify the data system, establish internal processes, and create tax return documents. The 2007-09 budget for the department has not yet been established by the Legislative Assembly. Due to time constraints, the department is unable to re-evaluate the implementation costs of the HB 2031 B-Engrossed in relation to those represented in the fiscal impact statement for the A-Engrossed measure, but costs should be less. Budgetary requirements will be reviewed during consideration of the department’s budget for 2007-09 by the Joint Committee on Ways and Means.

LFO notes that this bill is subject to the referendum process. Any person can file a petition with the Secretary of State within 90 days of the legislature’s adjournment sine die to refer the bill to the November 2008 general election ballot. Filing of a petition would freeze the effect of the bill until such time as one of the following occurs: 1) the petition with signatures is submitted to the Secretary of State and it is determined there are insufficient signatures to place the measure on the ballot; or 2) the measure is placed on the ballot and the election is certified 30 days after the election as having been ratified. If the measure were to be placed on the ballot, corporate tax returns for 2007, due April 15, 2008, would be filed under current law. If the measure were ratified, the department would need to implement a billing structure to collect the taxes due under HB 2031 B-Engrossed.