

**75TH OREGON LEGISLATIVE ASSEMBLY 2009 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 40
CARRIER: Rep. Bentz**

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact

Action: Do Pass.

Vote: 10-0-0

Yeas: Bailey, Bentz, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart

Nays: 0

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 3/19; 3/20

WHAT THE BILL DOES: Requires surplus revenue refunds to be calculated after allowance of the credit for taxes imposed by another state.

ISSUES DISCUSSED:

- Impact on kicker recipients

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Generally, individuals apply the appropriate tax rates to their taxable income to arrive at their before-credit tax liability. They then subtract their allowed credits from the before-credit tax liability to arrive at the after-credit tax liability. Prior to 2007, surplus refunds/credits were based on the after-credit tax liability of the taxpayer. In 2007, SB 819 changed the calculation to a before-credit basis in response to concerns that kicker refunds/credits could reduce the efficacy of other tax credits as policy tools. When calculated on an after-credit basis, kicker refunds/credits would reduce the value of other credits through the reduction in after-credit tax liability. When calculated on a before-credit basis, the value of other credits is unaffected by kicker refunds/credits. If this bill were implemented, the kicker refunds/credits would be calculated after accounting for only one credit – the credit for taxes paid to another state.

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