

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	HB 2067A
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	4-10-09

Measure Description:

Assigns most income and corporate excise tax credits one of three effective sunset dates – January 1 of 2014, 2016, or 2018. Excludes the personal exemption credit, the credit for taxes paid to another state, the claim of right income credit, and the corporation surplus refund credit.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$ 0	Minimal	Minimal	- \$20.8	- \$24.1

The minimal impact in 2009-11 is a revenue loss of less than \$50,000.

The revenue impact for individual credits can be either positive or negative. A negative impact occurs when an existing sunset date is extended. A positive revenue impact occurs when either a sunset date is created or moved forward in time. Over the next three biennia the net impact is negative because the combined negative impacts of extending existing sunsets is larger than the combined positive impact of creating sunsets. In the 2011-13 biennium, nearly all of the impact (97 percent) is due to the sunset extensions on the credits for qualified research activities, contributions to the Oregon Production Investment Fund, contributions to individual development accounts, and TRICARE health care providers.

The net impact in the 2013-15 biennium is made of roughly \$91 million in revenue reductions and \$67 million in revenue increases. The largest revenue reductions (52 percent) are due to the extension of the earned income credit and working family child care credit. The four credits mentioned above, along with the sunset extension for the Cultural Trust credit, account for another 39 percent of the gross revenue loss. The gross revenue increase is dominated by the Business Energy Tax Credit (64 percent) and the Residential Energy Tax Credit (25 percent) which account for nearly \$60 million.

Creates, Extends, or Expands Tax Expenditure: Yes

The purpose of this bill is to enable a systematic review of Oregon tax credits in a structured manner.