

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

Bill Number:	HB 2067 B
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	5-28-09

Measure Description: Assigns most income and corporate excise tax credits one of three effective sunset dates – January 1 of 2012, 2014, or 2016. 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. Allows taxpayers claiming the rural medical credit at the time of sunset to continue claiming the credit for an additional ten years.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$ 0	Minimal	Minimal	\$59.3	\$106.8

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. In 2009-11 there is a small negative impact. Over the subsequent two biennia the net impact is positive because the combined positive impacts of creating sunsets is larger than the combined negative impact of extending sunsets. In the 2011-13 biennium, nearly all of the net impact (97 percent) is due to the sunset changes to the Business Energy Tax Credit and Residential Energy Tax Credit.

The net impact in the 2013-15 biennium is made of roughly \$48 million in revenue reductions and \$154 million in revenue increases. The largest revenue reductions (79 percent) are due to the extension of the working family child care credit and the credit for contributions to individual development accounts. The gross revenue increase is dominated by the Business Energy Tax Credit (55 percent) and the Residential Energy Tax Credit (22 percent) which total nearly \$120 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.