REVENUE IMPACT OF PROPOSED LEGISLATION

75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	HB 2180 B
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	6-5-09

Measure Description: Eliminates the Residential Energy Tax Credit and the Business Energy Tax Credit for gasoline-electric vehicles as of January 1, 2010. Adds electric vehicle manufacturers to the definition of renewable manufacturing facilities for purpose of the Business Energy Tax Credit. Refines definitions related to the biomass tax credit.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2009-10	2010-11		2009-11	2011-2013	2013-2015
General Fund	**$0**	**$0.9**		**$0.9**	**- $3.9**	**- $9.3**

The impacts shown in the table are the net impacts of the three policies contained in the bill. The elimination of the tax credit for hybrids results in a revenue increase of roughly $5 million per year. The addition of the electric vehicle manufacturers to the Business Energy Tax Credit reduces revenue by an average of $7 million, with the loss increasing from $3.2 million in 2010 to $9.6 million in 2013. The changes to the biomass tax credit are expected to have the effect of both increasing and decreasing revenue, with the net impact expected to be an additional revenue loss of roughly $0.5 million per year. The revenue gain is expected to come from the tightening of the definitions for biomass and biofuels. The revenue loss is expected from creation of the certification process, which adds a degree of certainty for potential transferees, and the clarification that taxpayers that qualify as both an agricultural producer and a biofuels producer are eligible for the credit.

Creates, Extends, or Expands Tax Expenditure: Yes

The purpose of the policy pertaining to electric vehicle manufacturing is to increase the opportunities for economic development and create jobs within this sector.

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