

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

Bill Number: HB 2258 -A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2-10-09

Measure Description:

Modifies the definition of “lower income household” from “80 percent of the median household income for the area” to “the greater of 80 percent of the median household income for the area or 200 percent of the area poverty guidelines.

Revenue Impact (\$Millions):

| | Fiscal Year | | Biennium | | |
|--------------------|-------------|---------|----------|-----------|-----------|
| | 2009-10 | 2010-11 | 2009-11 | 2011-2013 | 2013-2015 |
| State General Fund | Minimal* | | Minimal* | | |

* Revenue loss of less than \$50,000 per biennium.

Impact Explanation:

The modification to the definition of “lower income household” could bring additional account holders into the program. The greater number of account holders could slightly increase the demand for the tax credits and subtraction associated with Individual Development Accounts, but the magnitude is expected to be small.

Creates, Extends, or Expands Tax Expenditure: Yes

The purpose of this policy change is to allow an increased number of eligible households to qualify for the Individual Development Account program. The expected outcome is increased savings of participants ultimately resulting in, for example, participants purchasing or repairing a home, starting or expanding a business, funding education, or purchasing equipment or technology that enables them to work.