

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

Bill Number:	HB 2715A
Revenue Area:	Corporate and Tobacco Taxes
Economist:	Chris Allanach
Date:	4-28-09

Measure Description:

Allows C-corporations to defer income or excise taxes for up to two years if they have total annual revenue of less than \$3.5 million, have at least two employees, and the business operations have existed for less than five years. Limits the amount of deferral to the lesser of 80 percent of the taxpayer's liability or \$200,000. Requires eligible corporations to file an application with the Department of Revenue. Permits tax deferral only if the corporation has filed the appropriate tax return, has paid the amount of tax not eligible for deferral and, along with its majority owner, is not delinquent with respect to income, corporate excise, cigarette, or tobacco products taxes. Applies interest to the deferred tax amount at the prime rate. Requires repayment of the taxes with interest immediately following the deferral period or in quarterly payments over the subsequent four years. Applies to tax years beginning on or after January 1, 2010 and before January 1, 2018.

Revenue Impact:

This policy would likely have a revenue loss during the years immediately following implementation as eligible C-corporations opt to defer their taxes. In subsequent years, the impact could be either positive or negative depending on the tax amounts and number of corporations that pay their deferred taxes as compared to the level of additional deferrals. Further research will occur when the bill is in the House Committee on Revenue.

Creates, Extends, or Expands Tax Expenditure: Yes

The House Committee on Revenue will discuss a purpose and expected outcome for this policy.