

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3543 - 2**

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session  
Legislative Fiscal Office

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**Measure Description:**

Changes method by which surplus "kicker" refunds are made to personal income taxpayers from payment to credit.

**Summary of Fiscal Impact:**

Please see analysis

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The measure amends a number of statutes related to the credit or refund of excess income and excise taxes, repeals statute dealing with the surplus kicker cost account; transferring any funds in the cost account to the general fund.

Current statute requires the refund of excess taxes to taxpayers with the cost of the processing and payment to be taken from the excess amount. The last time this refund was made was in 2007 with a total cost of about \$900,000 to process the refund and issue the payments using checks. The measure would reduce this cost since the excess tax payments would be returned as credits and processed with the taxpayer's next annual return.

The first biennium that a surplus was found would require the DOR to make programming changes using contracted services at an estimated cost of \$60,000 to process the new credit. In addition and in subsequent biennia where a surplus was found, the DOR estimates that four temporary positions comprising 0.83 FTE would be required to handle an increased number of taxpayer questions and to manually process returns due to errors in taxpayer calculations related to the credit. Total costs in addition to the programming, including the temporary employees and service and supplies expenses is estimated to be about \$144,000 if a surplus credit was applicable to the next biennium.

The measure allows for the Department of Revenue to certify up to \$250,000 as costs that would be incurred by the department in calculating and administering the credits. This amount would be reduced from the total amounts credited to personal income taxpayers.

