

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2562**

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

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**Measure Description:**

Creates subtraction from taxable income for net capital gain that is invested in certain businesses.

**Government Unit(s) Affected:**

Department of Revenue(DOR), Business Development Department (Business Oregon)

**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 requires that the Oregon Business Development Department (Business Oregon) create policies and rules for the certification of the capital gains that qualify for subtraction from taxable income under this Act. The measure is unclear whether Business Oregon or the Department of Revenue (DOR) is to perform the actual certification function. The DOR has stated that they believe the certification function is the responsibility of Business Oregon. If Business Oregon is to perform the certification function, the fiscal impact to Business Oregon is indeterminate because they are unable to predict the number of certifications, and therefore the workload, that they may be required to process.

The adoption of the measure would require the Department of Revenue to modify certain tax form instructions to detail the subtraction. The DOR would absorb the cost of this activity in their current budget and based on their assumption that the certification process will be performed by Business Oregon the fiscal impact to the DOR would be minimal.