

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2949**Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal OfficePrepared by: John Terpening
Reviewed by: Paul Siebert, Laurie Byerly
Date: 2/14/2011**Measure Description:**

Provides credit against income taxes for taxpayer creating jobs for certain removal and remedial actions.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ), Department of Revenue (DOR)

Summary of Expenditure Impact:

Agency – Fund Type	2011-13 Biennium	2013-15 Biennium
DEQ -- General Funds	\$338,260	\$213,027
DEQ -- Other Funds	See Analysis	

Positions/FTE	2011-13 Biennium	2013-15 Biennium
Department of Environmental Quality	4/1.31	3/1.00

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 provides a \$1,000 tax credit for taxpayers that create 25 or more jobs during a removal or remedial action, or increases the number of jobs by 30% over a three year period during a removal or remedial action. The tax credit applies to tax years beginning on or after January 1, 2011. Credits must be certified by the Department of Environmental Quality (DEQ) and the Department, in consultation with the Department of Revenue, shall determine rules for certifications and maintain records.

The measure directs the Department of Environmental Quality to establish a grant and loan program to provide grants and loans of up to 75% of the cost of an environmental study and cleanup plan that is related to removal or remedial action under the Oregon Cleanup statutes. The grants and loans are to be awarded based on demonstration of financial hardship and designed to protect the public health, safety, and the environment.

The measure establishes the Industrial Sites Cleanup Fund, separate and distinct from the General Fund, continuously appropriates moneys in the fund to DEQ, and credits the interest earned back to the fund.

The measure leaves a blank General Fund appropriation for the Industrial Sites Cleanup Fund. The amount appropriated for the grants stipulated by the measure will be distributed by the Department as Other Funds. Additionally, the measure does not specify the source of additional grant funds if the initial appropriation is expended.

The Department estimates the costs to establish, implement, and maintain the tax credit and grant and loan program would be \$338,260 General Fund in the 2011-13 biennium. Included in these costs are three limited duration half-time Operations and Policy Specialist 3 positions, totaling 0.75 FTE, that would be responsible for start-up activities including rule-making for and design of the tax credit, loan,

and grant programs. DEQ estimates that three permanent part-time positions, totaling 0.57 FTE, would be needed to conduct the ongoing administration of the new programs. The Department estimates a cost of \$213,027 General Fund in the 2013-15 biennium for on-going operations and the three permanent part-time positions that total 1.0 FTE when the program fully phases-in.

The Legislative Fiscal Office notes that the demand for individual grants or loans to be awarded are indeterminate and that excessive demand may require additional staff to administer the program.

There is a minimal expenditure impact to the Department of Revenue for adjustments to tax codes, forms and instructions.