

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3227**Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal OfficePrepared by: Robin LaMonte
Reviewed by: Steve Bender, Laurie Byerly
Date: April 8, 2011**Measure Description:**

Creates Certified Capital Company Act.

Government Unit(s) Affected:

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

Summary of Expenditure Impact - Oregon Business Development Department

	2011-13 Biennium	2013-15 Biennium
Lottery Funds	274,450	297,536
Total Funds	\$274,450	\$297,536
Positions	2	2
FTE	1.50	2.00

Minimal Expenditure Impact - Department of Revenue**Summary of Revenue Impact - See Revenue Impact Statement****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:

HB 3227 requires the Oregon Business Development Department (OBDD) to certify capital companies that are Oregon green energy and conservation businesses, and establishes the certification requirements. The bill also requires OBDD to conduct an annual review of each certified capital company to determine if each company is meeting the certification criteria. The bill establishes a non-refundable application fee of \$7,500 and a \$5,000 recertification fee. The bill allows up to \$30 million in tax credits per year, which apply to tax years beginning on or after January 1, 2011. The bill is effective on the 91st day following legislative adjournment.

OBDD operating expense is paid out of Lottery Funds. This bill includes a non-refundable application fee of \$7,500 and a \$5,000 recertification fee. However, since there is no data on which to base a revenue estimate, this fiscal impact assumes all costs will be paid out of Lottery Funds.

As noted, OBDD has no data on which to estimate how many companies would apply for certification. However, establishment and management of this program, including the certification and renewal process, would be complex. OBDD estimates that it would need a 0.75 FTE Program Analyst 4 (\$129,440) and a 0.75 FTE Administrative Support Specialist 2 (\$87,270) to implement this program in the 2011-13 biennium. These positions would manage the ongoing program, at a biennial cost of \$288,816. Attorney General costs to establish the program would be \$30,800 and ongoing Attorney General costs would be \$15,400. One-time set up costs, including office furniture and technology,

would be \$19,950. Biennial telecommunication and travel expenses are estimated at \$6,750 in 2011-13 and \$9,000 in 2013-15.

The Department of Revenue is required to adopt rules related to the tax credit provisions of this bill. DOR estimates a minimal fiscal impact from the changes to tax instructions and administrative rules.