FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 3672 - A**

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

Prepared by:	John Terpening
Reviewed by:	Michelle Deister, Laurie Byerly
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Measure Description:
Requires joint legislative interim committee on revenue to study costs and benefits of Oregon's tax expenditures and make recommendations to Seventy-sixth Legislative Assembly.

Government Unit(s) Affected:
Department of Energy, Department of Revenue, Business Development Department (Business Oregon), Oregon Film, Public Utility Commission, Department of Consumer and Business Services, Oregon Department of Transportation

Summary of Expenditure Impact: See Analysis

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:
The measure extends and modifies several existing tax credits, including the biomass credit, fire insurance credit, E-commerce zone credit, long-term rural enterprise zone credit, research and development credit, film and video contributions credit, and fish screening credit. The measure extends and modifies the residential energy tax credit and replaces the existing business energy tax credit with a conservation credit, renewable energy credit, and transportation credit and sets biennial credit caps.

The fiscal impact to the Department of Energy (DOE) is indeterminate. The number of applications received and the business process for the new energy tax credits is unknown at this time, as several tax credit programs proposed in HB 3672-6 differ substantially from current practice. The measure provides the department with the authority to establish fees to recover the cost of administering the tax credit programs; however the amount of the fees will be determined in part by the staffing required for the programs, based on volume of applications, and the expertise required to evaluate and – where applicable – rank applications.

Currently the business credit and residential credit programs sunset in 2012 and the corresponding positions within the department are phased out at that time. The revised energy credits will require modifications to DOE's budget limitation and position authority, including potentially reinstating phased-out positions and increasing expenditure limitation, which will need to be reviewed by the 2012 Legislature or the Emergency Board.

There is anticipated to be a minimal expenditure impact to the Department of Revenue, Department of Transportation, Department of Consumer and Business Services, and Public Utility Commission.