

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2011 Regular Session
Legislative Revenue Office

Bill Number: HB 2322
Revenue Area: Tax Administration
Economist: Paul Warner
Date: 2/21/2011

Measure Description:

Prohibits Governor and Oregon Department of Administrative Services from reducing allotments to Department of Revenue when Oregon Department of Administrative Services declares projected deficit in biennium.

Revenue Impact (in \$Millions): This bill would potentially prevent a General Fund revenue loss in biennia in which the Governor orders allotment reductions for the Department of Revenue and the Legislature chooses not to restore these reductions. The potential for revenue loss results from resource reductions that curtail the Department of Revenue's ability to enforce and collect taxes under current law.

Impact Explanation:

Revenue reductions can result from a sudden loss of resources for the Department of Revenue. In the 2009-11 biennium, DOR reported that they could absorb the first \$6.75 million allotment reduction without loss of revenue collection capacity. However, the DOR reported that a second round of allotment reductions resulting in \$4.4 billion loss of resources would lead to reduced capacity and a loss of General Fund revenue. The Legislature acted to restore the second round of allotment reductions and prevent the revenue loss.

Creates, Extends, or Expands Tax Expenditure: Yes No