

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

**Bill Number: HB 2411
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/11/2011**

Measure Description:

Establishes an income and corporate excise tax credit for businesses that increase their full-time employment and payroll. The credit is three percent of the increase in annual payroll or five percent of the increase in payroll if the facility is located in a distressed area, up to a maximum credit of \$500,000. The credit may be claimed for any of three successive tax years following certification – the first of these three years must occur within the three years following certification. The credit is non-refundable and may be carried forward five years. Allows the business to sell up to 50 percent of the tax credit. Requires the taxpayer to maintain relevant records regarding the facility. Requires businesses to obtain certification from the Oregon Business Development Department (OBDD). Limits the number of certifications to 40 per biennium. Allows for certifications to be issued between October 1, 2012 and December 31, 2017. Applies to tax years 2012 through 2022.

Revenue Impact (in \$Millions):

There would be a revenue loss from this bill depending on the number of businesses that claim the credit and the sizes of those credits. There could be an impact in 2011-13 if businesses are able to receive certification and utilize the credit in the early stages of the program. However, most of the impact would likely occur in subsequent biennia. More analysis will be conducted when the bill is in the Joint Committee on Tax Credits.

Impact Explanation:

The revenue impact will be a function of the projected number of firms that to receive certification, the location of the facilities, and the incremental change in payroll at the eligible facilities. The flexibility provided in the bill for the business to claim the credit in any of three given tax years, carry forward the credit for five years, or sell up to half the credit will affect the timing of the impact over future biennia.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is
(to be completed by the Committee on Transportation and Economic Development.)