

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

Bill Number: SB 620
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 4/9/2011

Measure Description: Defines “oilseed processor” as a person who receives agricultural oilseeds and separates them into meal and oil by mechanical or chemical means. Changes the year the biomass tax credit may be claimed from the year of certification to the year in which the biomass is transferred. Extends the sunset dates for three tax credits from January 1, 2012 to January 1, 2019; the affected credits are for biomass production and collection, biofuels and fuel blends, and biodiesel used in home heating.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2011-12	2012-13	2011-13	2013-2015	2015-2017
Biomass Credit	\$0	-\$8.1	-\$8.1	-\$21.8	-\$26.6
Biofuels Credit	\$0	-\$0.3	-\$0.3	-\$0.7	-\$0.7
Biodiesel Credit	\$0	-\$0.3	-\$0.3	-\$0.7	-\$0.7
Total General Fund	\$0	-\$8.7	-\$8.7	-\$23.2	-\$28.0

Impact Explanation: These preliminary estimates are for the sunset date extensions only. They are based on the historical use of the tax credits as reported on tax returns filed with the Department of Revenue and 2010 certification information from the Department of Energy. Between 2007 and 2009, the number of personal taxpayers claiming the biomass credit increased from roughly 140 to 330; the average tax reduction grew from \$11,800 to \$19,700. For tax years 2007 and 2008, a total of roughly 20 C-corporations claimed the biomass tax credit and reduced their tax liability by an average of \$55,000. On tax returns, the biofuels and biodiesel tax credits are not separately identified; the assumption here is that they are used equally. Taken together, the use of these two credits grew from roughly 3,900 in 2007 to 5,200 in 2009. Neither of these tax credits may exceed \$200 per year and the average tax reduction ranged between \$55 and \$75 per taxpayer. Further analysis will be done when the bill is in the Joint Committee on Tax Credits.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is
(to be completed by the Senate Committee on the Environment and Natural Resources)