

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4005 - A**

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session  
Legislative Fiscal Office

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**Measure Description:**

Establishes credit against income taxes in compensation for livestock killed by predators.

**Government Unit(s) Affected:**

Department of Revenue, Oregon Department of Fish and Wildlife, Oregon State Police

**Summary of Expenditure Impact:**

Agency (Fund Type)	2011-2013 Biennium	2013-2015 Biennium
Department of Revenue (General Fund)	\$89,153	\$2,370
Department of Fish and Wildlife (Other Funds)	See Analysis	
Oregon State Police (Other Funds)	See Analysis	

**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 establishes a credit against income tax in compensation for livestock killed by a wolf or cougar. In order to qualify for the tax credit, the taxpayer must submit evidence that includes a finding by the Oregon Department of Fish and Wildlife (ODFW) or a peace officer that wolf or cougar depredation was the cause. The tax credit can be carried forward for three years and is refundable for personal income taxpayers but not corporate taxpayers. The tax credit applies to tax years beginning on or after January 1, 2012 and the bill is effective the 91<sup>st</sup> day after the 2012 Legislative Assembly adjourns sine die.

The number of tax credit claims that will be submitted to the Department of Revenue (DOR) is unknown. DOR assumes a maximum of 1,000 claims on personal income tax returns and 20 corporate tax returns per biennium. DOR states that providing a new refundable personal income tax credit will require changes to tax forms as well as system programming changes to allow for the calculations. DOR estimates one-time costs of \$89,153 General Fund to implement these changes.

Currently ODFW has two staff positions dedicated to wolf-related issues in northeast Oregon, including investigations of livestock depredation. ODFW notes that while wolf depredation cases are geographically limited, cougar-related livestock depredation occurs throughout the state of Oregon. ODFW states that the three-year average of complaints submitted to the Department involving depredation of livestock by cougar or other carnivores is 271.

Assuming that ODFW or Oregon State Police (OSP) personnel will respond to potential livestock depredation-related complaints regarding cougars for the potential tax credit, the fiscal impact is indeterminate but may require additional staff or resources to handle the potential complaints state-wide. For example, if ODFW staff were tasked with investigating 270 cases, the assumed costs would be roughly \$101,938 for related training, travel, and time.

OSP estimates that if troopers were tasked with investigating 150 incidents annually, they assume the cost would be roughly \$75,000 for additional overtime and some training. The alternative would be not performing activities currently done by the Fish and Wildlife Division troopers. The precise number of complaints that will be received is unknown and may increase from the existing number with the added tax credit incentive to taxpayers.