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77th LEGISLATIVE ASSEMBLY
SENATE COMMITTEE ON BUSINESS & TRANSPORTATION

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April 1, 2013

TO: Senator Ginny Burdick, Co-Chair
Representative Phil Barnhart, Co-Chair
Joint Committee on Tax Credits

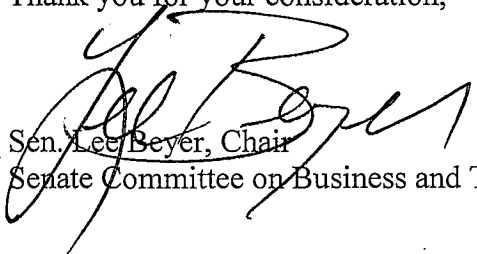
FROM: Senator Lee Beyer, Chair
Senate Committee on Business and Transportation

RE: **Recommendations Related to Tax Credit for Provision of Mile-Based and Time-Based Motor Vehicle Insurance Policies (Senate Bill 317)**

The Senate Committee on Business and Transportation has completed hearings and deliberations on Senate Bill 317, relating to tax credits for provision of motor vehicle insurance policies. The Committee respectfully recommends that the sunset on this tax credit be extended through January 1, 2020.

This tax credit is available to insurance companies that choose to offer mile-based or time-base motor vehicle insurance. Although there are companies that offer this type of insurance to Oregon motorists, none of the companies have applied for the tax credit. As a result, the revenue impact of the tax credit has been negligible. As a result, should the tax credit sunset as scheduled on January 1, 2015, there would be no appreciable change from the current marketplace for motor vehicle insurance. However, the Committee believes that because mile-based and time-based motor vehicle insurance provides an opportunity for vehicle owners to reduce the cost of their insurance there is value to maintaining the tax credit. Should Senate Bill 317 be enacted, and the sunset date be reset to 2020, the issue can be revisited at that time to determine any revenue implications.

Thank you for your consideration,


Sen. Lee Beyer, Chair
Senate Committee on Business and Transportation